U.S. Department of State
FY 2000 Country Commercial Guide: Spain

The Country Commercial Guides for Spain was prepared by U.S. Embassy Madrid and released by the Bureau of Economic and Business in July 1999 for Fiscal Year 2000.

TABLE OF CONTENTS

VI. TRADE REGULATIONS AND STANDARDS

- Trade Barriers, Tariffs, and Non-Tariff Barriers
- Customs Regulations/Tariff Rates/Import Taxes
- Import Licenses
- Export Controls
- Import/Export Documentation
- Temporary Entry
- Labeling, Marking Requirements
- Prohibited Imports
- Standards
- Free Trade Zones/Warehouses
- Special Import Provisions
- Membership in Free Trade Arrangements
- Customs Contact Information

VII. INVESTMENT CLIMATE

- Openness to Foreign Investment
- Conversion and Transfer Policies
- Expropriation and Compensation
- Dispute Settlement
- Political Violence
- Performance Requirements/Incentives
- Right to Private Ownership and Establishment
- Protection of Property Rights
- Regulatory System: Laws and Procedures
- Bilateral Investment Agreements
- OPIC and Other Investment Insurance Programs
- Labor
- Foreign-Trade Zones/Free Ports
- Capital Outflow Policy
- Major Foreign Investors

VIII. TRADE AND PROJECT FINANCING

- Banking System
- Bank of Spain
- Banks
- Investment and Brokerage Entities
- Credit Market
- Distribution of Loans
- Stock Market
- Money Market
- Pension Plans and Insurance Companies
- The European Monetary Union, the Euro and the Effects on the Spanish Financing System
- Foreign Exchange Controls Affecting Trading
- General Financing Availability
- How to Finance Exports/Methods of Payment
- Available Export Financing and Insurance
- Availability of Project Financing
- Types of Projects Receiving Financing Support
- Banks with U.S. Banking Arrangements

IX. BUSINESS TRAVEL

- Business Customs

I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Spain's commercial environment using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. government agencies.

Spain and the U.S. enjoy excellent bilateral relations as industrial democracies and NATO allies. Spain provides the U.S. with one of its largest export markets. In 1998, the U.S. enjoyed a USD 700 million trade surplus with Spain. During that time period, U.S. exports to Spain were USD 5.5 billion and U.S. imports from Spain were USD 4.8 billion.

Major U.S. exports to Spain include telecommunication services, pollution control and water resources equipment, franchising, telecommunications equipment, medical equipment, electric power systems, and automotive parts and accessories. U.S. agricultural exports were dominated by oilseeds, grains and grain by-products, and forestry products.

All indicators confirm that 1998 was an excellent year for the Spanish economy. Economic growth surged from 3.5 in 1997 to 3.8 percent in 1998. This growth was fueled by investment, which increased by 3.1 percent in 1998; domestic demand, up by 4.9 percent; and industrial production, which grew 5.4 percent. The economy also benefited from the government’s fulfillment of the European Monetary Union’s convergence criteria.

The macroeconomic objectives established by the Maastricht Treaty of 1992 link the E.U. countries and drive their economic policy decisions. Spain’s economic progress resulted in its qualification to enter the European Monetary Union in 1999. In 1998, Spain's economy continued to fall within the Maastricht guidelines with an inflation rate of 1.4 percent, an interest rate of 4.9 percent and a government deficit rate of 2.6 percent. Though Spain’s debt/GDP of 69 percent in 1998 was above the Maastricht criteria of 60 percent, it is predicted to decline as the percent of deficit to spending decreases.

On Spain’s political front, Jose Maria Aznar of the center-right Popular Party won the general elections held in March 1996 by a narrow margin. As a minority government, the Popular Party is dependent on ad-hoc coalitions to advance its legislative programs. As such, political and business relations with the Basque Country, the autonomous community of Catalunya (the area around Barcelona), and the Canary Islands have taken on added significance of late.

Experiencing a recovery since the middle of 1996, industrial production continues to drive the Spanish economy. This recovery has been particularly strong in the metalworking industries due to increased production in shipbuilding, data-processing equipment, and other transportation equipment. In addition, all indicators show that services are still an expanding sector marked by growth in nearly all segments, particularly tourism. After falling in 1997 by 3.9 percent, the agricultural sector experienced a 0.8 percent growth rate in 1998.

The Spanish market is a series of regional markets joined by the two hubs of Madrid and Barcelona. Major business activities occur around these two cities. At all levels, the Spanish government has eased regulations and increased incentives in an effort to attract foreign firms and investments. Except in a few cases, Spanish law permits foreign investment of up to 100 percent of equity. In some sectors, however, disincentives such as high labor costs, inflexible labor laws, and concern for intellectual property rights still exist. Although structural reform packages aimed at rectifying these problems were passed in both 1996 and 1997, reform is far from complete.

The U.S. ranks among the top ten-investor nations in Spain. Direct U.S. investment in Spain was USD 1.87 billion in 1998. Nevertheless, U.S. exporters will continue to face competition from E.U. countries and from Japan. Though U.S. firms must pay higher tariffs than their E.U. counterparts, they benefit from lower production costs. In addition, U.S. products are considered technologically advanced and of the highest quality. E.U. firms, however, offer excellent financing support, after-sales service, and customization of products to fit local market needs.

Sectors of the Spanish economy primed for future growth include: the telecommunications equipment and services markets, which opened completely in December, 1998, and the environmental services and equipment sector, where the government of Spain estimates that USD 33 billion must be invested by the year 2005.

Privatization, backed by the center-right administration, will continue to open opportunities in the telecommunications, defense, energy, transportation and aerospace sectors, with total sales expected to reach USD 20 billion.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank’s CD-ROM or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at http://www.stat-usa.gov; http://www.state.gov; and http://www.mac.doc.gov. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4473.

II.   ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook

Spain’s GDP grew 3.8 percent for 1998, up from 3.5 percent in 1997. Growth was spurred by increases in agricultural exports, construction, capital goods investment, and, most significantly, private consumption, international institutions (IMF, OECD, and E.U.) project growth to be 3.5 percent for 1999.

Spain qualified for the EMU on May 2, 1998. Spain's fiscal and macroeconomic guidelines are determined by its commitment to this stability pact.

Inflation: Spain’s inflation in 1998 was 1.4 percent. It is expected to rise to 1.8 percent in 1999.

Interest Rates: Interest rates on ten year government bonds are the standard against which Spanish rates are compared with their E.U. partners. In 1998, the Spanish ten-year government instruments were yielding 4.93 percent.

Deficit: Spain’s composite public sector deficit for 1998 was 1.8 percent. We expect the deficit to decline further in 1999 and 2000 as Spain complies with the even more stringent EMU stability pact requirements.

Debt: The stock of government debt as a percentage of GDP stood at 69 percent at the end of 1998. We expect debt to stabilize at that rate and then begin to decline from 2000 on.

Exchange Rate Stability: The peseta is fixed to the Euro at pesetas 166.386 equals one Euro. The Euro dollar rate has fluctuated between $1.17 to $1.03 between January 1 and May 30, 1999. We expect the Euro dollar rate to stay in the $1.10 range or below for most of 1999 (implies a USD/peseta rate of USD 1 = pesetas 151.26). On January 1, 1999, the peseta fixed to the EURO. Throughout 1998 the peseta/Deutch Mark (DM) rate stayed at 84.90 pesetas to the DM.

Spain’s national telecommunications market opened completely on December 1, 1998. The government also liberalized television broadcasting and implemented a regulated authorization system. Other liberalizing measures have followed in the energy sector (electricity, gas, and fuels) and possibly in the management of water services. To ensure the success of the liberalization programs, the government is taking steps to strengthen the Free Competition Tribunal, the regulatory agency, which has been established to oversee and coordinate the decontrol process. The government is passing additional measures to restrict monopolistic practices and to increase judicial oversight over leasing, factoring, and franchising contracts.

Financial reform has been geared toward improving mechanisms of corporate finance (especially for smaller companies) and promoting stable savings over the long term. To address Spain’s high unemployment levels, the government has implemented two rounds of reform to liberalize hiring practices. Spain’s unemployment rate continues to be the highest in the E.U. Projected unemployment for 1999 is 18 percent, compared with 10.5 percent for the E.U. and 4.7 percent in the U.S. The job-for-life principle, initiated by Franco, continues today in the form of high dismissal costs and generous welfare benefits that rank among the highest in the E.U. Labor market reforms in 1994 and 1997 have led to an increased use of "temporary contracts" and job growth. We anticipate that incremental labor market reform tied to close consultations between the government, union, and employers will be the rule for the foreseeable future.

Gross Agricultural production in 1998, estimated at 4.43 trillion pesetas, declined 0.5 percent from 1997 levels. This decline began when Spain joined the European Union in 1986. Falling agricultural prices combined with set-aside land programs and country production quotas have contributed to the decline.

Income per agricultural worker has risen considerably due to a dramatic loss in agricultural jobs. During the 13-year period of E.U. membership, about 800,000 agricultural workers have abandoned their jobs, bringing the total agricultural employment down to about 1 million. Income per agricultural worker, however, has declined over the last two years. Nonetheless, agriculture still employs about 7.7 percent of the country's total employed population and comprised about 3.0 percent of the country's total GDP in 1998.

As part of the "Agenda 2000", the E.U. heads of governments approved a reform of the Common Agricultural Policy (CAP) on March 25, 1999. Reforms were implemented in the arable crops, dairy and beef sectors. Support prices for grains will be cut by 15 percent over the next two marketing years, and a land set-aside rate of ten percent is fixed for the years between 2000-2006. High area payments for oilseeds will be cut down to the same level as those for grains. This is expected to have a major impact on the Spanish sunflower seed crop, and cause a dramatic reduction in the area in which this crop is planted. However, this low-water consuming, extensive and well-adapted rotational crop could be included in some of the existing environmental support programs, which might partially offset the negative impact. In addition, beef support prices will be cut by 20 percent in three steps, and as with grains, the rise in E.U. production-decoupled payments will not fully offset the decline in support prices. The dairy reform plan has been postponed, and the current country-milk quota system will remain in place until 2005.

The GOS was able to resolve several issues that arose from, what Spanish farmers considered weak negotiations on the part of Spain during its accession to the E.U. in 1986. These included unjustifiably low historical grain yields taken into account for estimating E.U. payments in Spain, and a milk quota allocation that was well below the actual production level.

In addition, the E.U. approved the reform of two agricultural sectors, olive oil and wine, which was beneficial for Spanish interests. Unlike previous proposals that threatened to severely jeopardize the competitive position of the Spanish olive oil industry, vis a vis other E.U. producing countries, the new country quota was reasonably aligned with Spain's production capacity. Brussels also reoriented its wine policies, which were harmful for the Spanish wine industry, to a new policy that stresses quality. Instead of the major vineyard-uprooting programs, which have been implemented in Spain in recent years, the Spanish wine industry will benefit from programs designed to restructure vineyards with varietal changes in order to improve the quality of the wines. This will make the Spanish wine industry more competitive.

Spanish lamb, beef, grain, dairy, legumbre and other sectors have had difficulties with increased competition from other E.U. countries, while horticultural crops have greatly benefited from increased access to other E.U. markets. In fact, Spain’s exports of these products have risen dramatically during the last few years.

Livestock, dairy and poultry have traditionally been the most important sectors in terms of value of agricultural production in Spain, accounting for about 39 percent of total farm output last year. Horticultural crops (citrus, deciduous fruit, olives and olive oil, nuts, wine and vegetables) are, however, gaining importance and in the past year, have been equalizing in terms of value to the livestock, dairy and poultry sectors. Moreover, horticultural sectors account for over 70 percent of Spain’s agricultural exports. Field crops (grain, tobacco, cotton, forage, sugar beets and oilseeds) cover a larger proportion of total planted area, but comprised only 16 percent of the value of total production in 1998.

For 1999, Spain’s production of agricultural products is expected to be below average as field crops and pastures suffer from dryness. Other crops such as some fruit and vegetables are expected to be smaller than normal as a result of frost. The wine sector will experience the same problems due to dryness.

Principal Growth Sectors

a) Agriculture

Oilseeds
Wheat, hard and durum
Lumber and other forest products
Tobacco leaf
Cotton
Pet foods
Edible pulses and edible sunflower seed
Seafood
Bourbon
Hides and Skins
Animal fats
Planting seeds

Though agriculture has played a smaller role in the overall economy since Spain's accession to the E.U. in 1986, exports of items such as fruits, vegetables, olive oil and wine have been greatly assisted by E.U. membership. On the other hand, Spanish lamb, beef, cereals, dairy products, pork and poultry have struggled due to increased competition from E.U. countries. However, given that Spain has the widest range of agricultural produce in the E.U., the agricultural sector is destined for increased growth.

b) Industry and Services

Industry has been recovering since the middle of 1996, particularly in the metalworking sector due to increased production in shipbuilding, data-processing equipment, and other transportation equipment. Manufacturing also showed growth due primarily to increases of manufactured food products. Prospects for growth are only moderately optimistic, following a record-setting year, in the manufacture of cars, Spain’s top export. In 1996, five of the main brands (all foreign subsidiaries: Opel, Seat, Volkswagen, Citroën, and Renault) beat their own all-time records for production in or exports from Spain. The mining and chemical products sectors remain stagnant. However, mining is expected to recover when Spain increases its gold production.

All indicators show that the service sector is still expanding in nearly all areas: transportation, wholesale and retail trade, and tourism. Growth in tourism appears promising in the upcoming years, particularly as Spain continues to restore aging resorts. Spain has recently overtaken the United States as the world's second most popular tourist destination. In 1998, 47.7 million tourists visited Spain. One out of every eight Spanish workers is directly or indirectly involved in the tourism sector, which generates 10 percent of GDP with gross inflows in 1998 of 4.45 trillion pesetas (USD 29.6 billion). Annually, growth is about 4.5 percent for this sector. Tourism revenue has been the main driver of Spain's current account, with receipts regularly covering the country's merchandise trade deficit.

Sectors destined for future growth include telecommunications, which continues to register spectacular increases. For example, in the mobile telephone business, at the end of 1998, the client base totaled over 7 million, and grew to 8.7 million in the middle of 1999. In the cable television sector, there is excellent room for growth, considering that only one percent of the population has access to cable service.

Other growth areas include the environment and aviation. In order to comply with E.U. environmental regulations, it is estimated that Spain has to invest an estimated USD 33 billion in industrial clean-up, sewage treatment, water and air pollution control, and water and soil treatment. In the aviation sector, the E.U.'s liberalization policy has added new local regular airlines to cope with the increased demand for air transport services.

Spain is restricted from making further reductions in infrastructure spending both by previous commitments, such as the Master Infrastructure Plan for 1993-2007 and E.U. funding conditions, and by the need to stay competitive. Investments to upgrade Spain's infrastructure in terms of roads, airports, seaports and railroads will proceed, whether with public, private, or joint financing. Construction and related engineering services will benefit from these projects, which will require investments of over USD 100 billion through 2005.

Government Role in the Economy

The Spanish government influences the economy primarily through regulation rather than through direct ownership, though the government does own part or all of several of Spain's largest companies. Under the center-right administration, Spain has moved rapidly toward privatization, both out of conviction and because of the limited options available for curbing the budget deficit. Companies in SEPI will be privatized by the year 2000, following whatever deregulation or restructuring measures are necessary.

The results of Spain's privatization program, including Telefonica, Gas Natural, and the petrochemical company Repsol, have been so successful that the Ministry of Industry announced in May 1997 plans to speed up the privatization program.

Balance of Payments Situation

In recent years, Spain has run significant deficits in merchandise trade (averaging about 2.0 trillion pesetas annually for the last five years) and in net investment income (e.g., debt servicing, 1.0 trillion pesetas for 1997). Receipts from tourism and transfers from abroad (i.e., from the E.U.) have helped to balance the current account deficit. Due in part to the continued growth in tourism, Spain has been able to sustain a current account surplus for the past three years. With increased exports, Spain has also gradually been reducing its trade deficit. However, the current account surplus for 1998 again presented a deficit of about 0.3 percent of GDP.

Infrastructure Situation

The following statistics relate to the Spanish infrastructure (based on 1994 figures):

Electricity: 46,600,000 KWh capacity; 157,000 million KWh produced, 4,000 KWh per capita (1992)

Railroads: 15,430 km total; Spanish National Railways (RENFE) operates 12,691 km (all 1.668-meter gauge, 6,184 km electrified, and 2,295 km double track); FEVE (government-owned narrow-gauge railways) operates 1,821 km (predominantly 1.000-meter gauge, 441 km electrified); privately owned railways operate 918 km (predominantly 1.000-meter gauge, 512 km electrified, and 56 km double track).

Highways: 162,184 km total; 95,089 km national and 67,095 km provincial or local roads.

Inland waterways: 1,045 km, but of minor economic importance

Pipelines: crude oil 278 km, petroleum products 2,119 km, natural gas 1,666 km.

Ports: Algeciras, Alicante, Almeria, Avilés Barcelona, Bilbao, Cádiz, Cartagena, Castellón, Ceuta, El Ferrol, Gijón, Huelva, La Coruña, Las Palmas (Canary Islands), Mahon, Málaga, Melilla, Palma de Mallorca, Pasajes, Rota, Sagunto, Santa Cruz de Tenerife, Santander, Tarragona, Valencia, Vigo, and close to 200 other minor ports.

Merchant navy: 242 ships (1,000 GRT or over) which includes 2 passenger, 8 short-sea passenger, 71 cargo, 12 refrigerated cargo, 12 container, 32 roll-on/roll-off cargo, 4 vehicle carrier, 41 oil tanker, 14 chemical tanker, 7 liquefied gas, 3 specialized tanker, and 36 bulk.
Airports: 105 total, usable: 99. Sixty of them have permanent-surface runways. Four of these have runways over 3,659 meters, 22 have runways between 2,440-3,659 meters; and another 26 have smaller runways between 1,220-2,439 meters. Madrid/Barajas airport is currently expanding its runway from two to three, thereby substantially increasing passenger and cargo traffic capacity.

Telecommunications: generally adequate, modern facilities; 15,921,000 telephones; broadcast stations - 190 AM, 406 (134 repeaters) FM, 100 (1,297 repeaters) TV; 22 coaxial submarine cables; two communications satellite earth stations operating in INTELSAT (Atlantic Ocean and Indian Ocean); MARECS, INMARSAT, and EUTELSAT systems; one satellite HISPASAT, tropospheric links.

Y2K Readiness

Spain has had a national Y2K Commission and has had a program in place since mid-1998. On September 9, 1998, the GOS established a national Y2K Committee headed by the Second Vice President and Minister of the Economy and Finance, Rodrigo Rato. The committee includes members from both the public and private sectors. Progress in testing and, where necessary, replacement of equipment is advanced at both the national level and in the larger private firms. However, the small-to-medium-size enterprises are lagging behind. According to the Spanish Association of Information Technology Companies, to date 64 percent of Spanish Companies have taken measures to adapt to the millennium bug. In terms of financial companies, 80 percent were cited as prepared, and conversion of computer systems in the health and transport sections were characterized as advanced; however, companies in trade and certain industrial and distribution sectors continued to lag behind. Spanish financial, aviation and utility service providers are well along in their planning and implementation.

GOS officials have expressed concern regarding a lag in preparation by small-to-medium sized businesses and municipal governments and have recently focused on making information, solutions and financial assistance available to those responsible for information for these entities. Spain anticipates spending 18.4 billion pesetas, or approximately 12 percent of the federal "information technology budget" on Y2K related expenses for the central government. The GOS has also taken steps in the area of consumer protection, adding a regulation to the consumer protection law which stipulates that unless otherwise marked as not being Y2K compliant, all industrial products sold directly to consumers can be assumed to be Y2K compliant.

The GOS continues to publicize the Y2K issue as something that could cause substantial disruptions to both the public and private sectors, and there are regular press articles highlighting the issue.

For updated information there is a website available at:
http://www.map.es/y2000.html

III. POLITICAL ENVIRONMENT

Political Relationship with the United States

Spain and the United States enjoy excellent bilateral relations. The two governments share common views on a broad range of issues and are allies in the North Atlantic Treaty Organization (NATO).

Major Political Issues Affecting the Business Climate

Two political issues affect the current business climate in Spain: the need to create greater flexibility in the labor market and a minority government dependent upon ad-hoc coalitions to advance its legislative programs.

Labor market regulations in Spain are extremely rigid, despite modifications in the first half of 1997. Companies in Spain faced with economic difficulties have problems downsizing staff, and encounter Social Security and redundancy payments. Government efforts to eliminate these rigidities have been opposed by trade unions, but some progress has been made since the government of President Aznar won the general elections in March 1996.

The ruling Popular Party (PP) must depend on other parties to form a working majority in the Congress (Cortes). These informal coalitions complicate the Government’s ability to take action on pressing economic and political matters.

Political System, Schedule for Elections, and Orientation of Political Parties

Spain has been a parliamentary democracy since its modern constitution came into effect in 1978, after the death of dictator General Francisco Franco.

King Juan Carlos I is the head of state, while President (Prime Minister) Jose Maria Aznar of the center-right Popular Party has been head of the government since May 1996. The bicameral legislature, or "Cortes", consists of the lower chamber or Congress of Deputies, popularly elected at the provincial level, and the upper chamber or Senate, which combines both directly elected and appointed seats. In addition to the central government, Spain is divided into regional units or "autonomias", which have their own governing bodies including a chief executive or President and legislatures. There are also provincial and municipal levels of government with delegates appointed by the central government and locally elected officials. Spain's constitution created a system of asymmetrical autonomous regions with varying degrees of power upon whose 'nationalist' parties, the ruling national Popular Party, forms its majority in Congress. Their support is conditioned by the fulfillment of specific regional goals, particularly the ceding of certain central government competencies, such as health care and police functions, to the regional governments.

IV. MARKETING U.S. PRODUCTS & SERVICES

Distribution and Sales Channels

As a result of the growth of the Spanish economy, distribution has become a key factor in supplying the consumer market. Differentiated sales channels to consumers have developed significantly in the last few years, ranging from traditional distribution methods, in which wholesalers sell to traditional shops and those shops sell to the public, to more sophisticated methods, characterized by an increased presence of large multinational supermarkets, retail-stores and Central Purchasing Units.

The major competitors to U.S. exporters and investors in Spain are Western European firms. Japanese companies are also emerging as formidable competitors. Cost, financing terms, and after-sales service play important roles in a firm's marketability. Since Spain joined the E.U., member states' exports to Spain have benefited from tariffs that are lower than those for U.S. exports. Beginning January 1, 1993, import duties for all E.U. goods entering Spain were zero while U.S. goods remain subject to the E.U.'s Common External Tariff (CET).

European exporters provide generous financing and extensive cooperative advertising and most of their governments support exporting efforts with trade promotion events. Although U.S. products are well respected for their high level of technology and quality, U.S. firms often fall short of their competitors in terms of flexibility on financing, adaptation of product design to local market needs and assistance with marketing and after-sales service. Nonetheless, American products are still competitive with E.U. exports, due to lower production costs derived from economies of scale.

Spanish procedures are in alignment with the rest of Western Europe, where price remains paramount. However, credit terms, marketing assistance and after-sales service are key factors in local purchase decisions.

The use of credit to purchase consumer goods is widely accepted in Spain, particularly in the cities, with banks competing aggressively to offer coverage. All major U.S. credit cards are used, including Visa, Master Card, American Express, and Diners Club. Department stores and some upscale retailers sometimes offer their own credit, particularly for purchases of large ticket items. Consumer credit is commonly used for the purchase of cars and homes. Housing developers, automobile dealers, and some manufacturers offer direct consumer financing.

The Spanish market is a series of regional markets joined by two major hubs: Madrid and Barcelona. The vast majority of agents, distributors, foreign subsidiaries, and government-controlled entities that make up the economic power block of the country operate in these two hubs. Dealers, branch offices, and government offices found outside these two hubs will almost invariably obtain their supplies from their Madrid and Barcelona contacts rather than engage in direct importation. The key to a foreign firm's sales success is either to appoint a competent agent or distributor or to establish an effective subsidiary in the Madrid or Barcelona area. However, investment incentives designed to reward investors for establishing manufacturing operations in less developed areas have dispersed some U.S. investment from the major hubs in recent years.

Regional characteristics influence buying patterns. A competent agent or distributor considers regional variation when marketing his or her products. The Basque Country, part of Spain's north coast, and Catalonia, which includes Barcelona, are autonomies with ancient traditions and their own languages and cultures. There are 15 other autonomous communities in Spain (similar to U.S. states) with varying, but lesser degrees of autonomy and cultural identity.

Madrid is Spain's center for banking, administration, telecommunications and transportation and it serves as the headquarters of many large international companies. Barcelona is the capital of Catalonia. It boasts a strong industrial tradition, with primary industries in textiles, paints, chemicals, printing, plastics, electrical engineering, and machinery manufacturing. Barcelona and Bilbao, the Basque Country's industrial center, are Spain's leading ports.

As an important container port, the Bilbao region has extensive shipyards, steel-works, iron-ore mines, chemical and cement works, pulp and paper mills, and oil refineries. In eastern Spain, Valencia is the center of the Spanish furniture and ceramic industries, as well as a major center for citrus fruits and vegetables.

Seville, located on the Guadalquivir River, is the commercial center of Andalucia and is a major source of olive oil, cork, wine, and other agricultural products. The free port City of Vigo, in the far northwest, in Galicia, is one of Europe's most important fishing and fish-canning centers.

Distribution and Agency Contacts; Finding a Partner in Spain

There are various forms of representation agreements available in Spain, which might be used to penetrate the market:

Distribution Agreements

Spanish law does not specifically regulate distribution contracts, although court cases have defined the rights and obligations of the parties in certain cases. In addition, the recent enactment of legislation that regulates agency contracts is influencing all distribution contracts.

There are three basic categories of distribution agreements:

(1) Commercial Concessions or Exclusive Distribution Agreements: The supplier not only agrees to provide its products to a select number of distributors within a specific territory but also not to sell those products itself within the territory of the exclusive distributor(s).

(2) Sole Distribution Agreement: Includes the provisions in the above mentioned Exclusive Distributor Agreement, but reserves to the distributor the right to supply certain products to users in the territory of concession.

(3) Authorized distribution agreements under the selective distribution system: In this case, the distributors are carefully selected according to their ability to handle technically complex products and to retain a certain image or brand name.

In general, distribution contracts establish a commercial relationship between the supplier and the distributor, who then resell the products to retailers. The distribution contract should contain conditions regarding the sale of goods, licensing of industrial property, markets or territory, advertising, financing and servicing, among others. The main features of distribution contracts may be summarized as follows:

(1) The distributor obtains the merchandise from the supplier "in its own name and interest", and assumes the risk of the transaction for later re-sale at a profit.

(2) The relationship between the supplier and the distributor is a legal relationship within a specific time period.

(3) The distribution contract may obligate the parties to future purchases and sales.

Ordinary clauses of a distribution contract may cover any subject to which the parties agree provided that the clauses are not contrary to the laws of Spain, morality, or public order. The standard clauses of a distribution contract often include:

(1) The territory covered by the distribution contract and the indication of any exclusive character of this territory

(2) Limits to third party purchases

(3) A minimum volume of sales and subsequent modifications

(4) A pricing system and modifications: periods, pricing, percentage basis, promotions, notifications, and the effective dates of new prices

(5) The party responsible for executing advertising and financing

(6) The duration and extension of the contract and conditions for its rejection and termination

(7) Conditions for the repurchase of products

(8) Notification of the parties

(9) A dispute resolution mechanism that can include commercial arbitration, under Spanish or foreign decision, and which is subject to any

legislation with which the contracts or the parties may have minimum contacts. The contract may also contain a damages clause governing the amount of compensation paid to the parties in the case of annulment or cancellation.

Regarding termination, the courts distinguish between two types of contracts: those for a specific period and those that are indefinite.

Contracts for a specified period will terminate with the expiration of the agreed period, while contracts for an indefinite term may be terminated at any time unilaterally. No express provision establishes the length of the notice period in cases of unilateral termination. However, Law 12/92 on agency contracts (discussed below) provides the period for notification, which is one month per year of the term of the contract, up to a maximum of six months.

Spain's courts recognize the right of the distributor to indemnity after the party terminates the contract if the following conditions are met:

(1) The distributor must have increased the customer base, either in the number of clients or in the volume of sales.

(2) The supplier or a new distributor takes advantage of the opportunities obtained by the dismissed distributor.

After meeting both conditions, the courts sustain the right of the distributor to claim compensation for goodwill, without distinguishing between definite and indefinite duration contracts.

Agency Agreements

Law 12/92, of 27 May 1992, regulates Agency Agreements, implementing the principles of the European Union Directive 86/653. This law establishes that a commercial agency contract is an agreement in which a person or a company is bound with another (the principal). The purpose of this union is to advance the principal's business, or to advance and conclude transactions on the principal's behalf, without assuming the risk of such transactions.

This law establishes:

(1) The independence of the agent

(2) The agent's payment

(3) The relationship between the parties

One main feature of the law establishes a contract in which mutual confidence is essential. The duties of loyalty and good faith govern the agreement and violation may cause the termination of the contract.

Law 12/92 requires that the rights and obligations derived from the agency contract must be upheld by the agent or agent's assistants. The law prohibits the assignment of obligation to a third party (sub-agent) without the consent of the principal. Similarly, the law requires prior consent by the principal if the agent wants to represent goods or services, which are similar or identical, from other companies. Except in the case of conflict, or an agreement to the contrary, the agent may act freely on behalf of other suppliers.

Beyond the basic obligations to act loyally and in good faith, the agent must:

* Promote the products and, if empowered to do so, conclude the transactions;
* Inform the principal supplier of all matters relating to the agency, especially the financial aspects of all parties with whom there are pending transactions;
* Obey the principal's instructions and company policies (for example, prices, delivery dates, procedure for claims);
* Receive any claims by third parties regarding defective merchandise in the merchant's name; and
* Maintain independent accounting for each principal represented.

Beyond the same basic obligations of loyalty and good faith, the principal supplier must:

* Provide books, catalogues, price lists and other needed literature;
* Make payments on time and as agreed;
* Give the agent the information required for the performance of the agency contract; and
* Inform the agent with reasonable notice of the acceptance, refusal, or the lack of performance of each deal obtained by the agent. The agent has the power to judicially request the accounting books of the principal.

An agent's compensation may consist of a fixed amount, a commission, or a combination of both. This law recognizes the right of the agent to receive a commission for transactions concluded through him or her. Additionally, it recognizes the right of the agent to have other transactions take place, during the term of the contract with any of its clients, even if the agent has not intervened in the operation. Moreover, the agent has the right to receive a commission for all the transactions concluded within three months after the termination of the contract.

The Agency Law establishes that commissions are generated the moment the transaction takes place. The supplier must pay the commissions by the end of each quarter of the year. The supplier is not responsible for paying commissions on unfinished operations, which have resulted from actions beyond the principal's control. The agent's compensation does not include reimbursement for expenses, unless expressly agreed otherwise.

The agency law distinguishes between contracts for a specific period and those that are indefinite. Contracts for a specified period terminate with the expiration of the agreed period, while contracts for an indefinite term may be terminated at any time unilaterally, with prior written notice. Notice of the termination is one month per year of the term of the contract, up to a maximum of six months.

The law also establishes those cases that do not require prior notification:

* Non-performance of contract duties
* Bankruptcy or receivership of any of the parties
* Death of the agent

The law establishes that an agent can claim indemnity under the following conditions:

(1) If the agent has increased the customer base, either in the number of clients or in the volume of sales.
(2) The supplier continues to benefit from the opportunities obtained by the dismissed agent.

The agent is not entitled to any indemnity or compensation when:

* The principal terminates the contract because of the agent's breach of contract;
* The agent disclaims the contract, unless he or she can prove that the cause is due to the principal;
* The principal disclaims the contract based on old age, incapacity or illness of the agent; and
* With the consent of the principal, the agent has assigned the rights and obligations of the agency to a third party.

Finally, the law establishes that jurisdiction, for all legal actions derived from the agency contract, is the legal responsibility of the agent.

Commission Agency Agreements

Commission Agency Agreements are mandates under which an authorized agent (commission agent) undertakes to perform or participate in a commercial act or agreement for the account of another (the principal). Commission agents may act in two capacities:

(1) In their own name: They are not direct representatives and they acquire rights against the contracting third parties and vice versa.

(2) On behalf of their principal: This gives rise to the effects of direct representation and, accordingly, the principal acquires rights against third parties and vice versa.

The obligations of commission agents are as follows:

* To defend the interests of their principals as if such interests were their own and to perform their engagement personally. Commission agents may delegate their duties if they have authority to do so and may use employees under their responsibility.

* To account for amounts that they have received as commission and to reimburse any excess amount. They are required to return any unsold merchandise.

In general, commission agents are not liable to their principals for the performance by third parties of the related agreements. Although, this risk is secured by a commission "del credere" under which commission agents are held personally liable for the performance by third parties of their obligations.

Unless their principal consents, commission agents are barred from buying for their own account or for the account of another the goods that they have been instructed to sell, and from selling the goods that they have been instructed to buy.

The main similarity between an Agency Agreement and a Commission Agency Agreement is that, in both cases, an individual or legal entity undertakes to pay another a compensation for arranging an opportunity for the former to conclude a legal transaction with a third party or for acting as the former's intermediary in concluding that transaction.

The main difference is that Agency Agreements involve an ongoing engagement, whereas Commission Agency Agreements involve occasional engagements. In addition, a Commission Agent seeks to facilitate the conclusion of an agreement but does not ultimately represent either party. The Commission Agent brings the parties together so that they can conclude an agreement, but is not party to that agreement, whereas an Agency agent represents one of the parties.

In all cases, U.S. firms should take into consideration that Spain is a participating country in the European Monetary Union (EMU). In general, companies will benefit through greater transparency in agent/distributor commissions throughout Europe, simplification of compensation plans and greater transparency in reporting revenues to national tax authorities. Contracts signed prior to 1999 will continue to be valid (no contract can be broken by either party due to the introduction of the Euro). After January 1, 2001, the contracts will still be valid, but the Peseta value listed in the contract will be converted into Euros, at the corresponding conversion rate. This will not affect other details on contracts, such as interest rates, duration, etc.

Franchising

Franchising is a system for marketing goods, services and technology based on close, ongoing cooperation between enterprises that are legally and financially distinct and independent. Under this system, the franchiser grants a right to, and imposes an obligation on, its individual franchisees to do business using the franchiser's concept.

Spain does not have specific legislation regulating franchising. In the absence of detailed regulation, parties are free under the Civil and Commercial Codes to enter into any contractual agreement by stipulating the terms and conditions they consider appropriate, provided those terms are not contrary to the law, morality or public order. Nonetheless, when drawing up the contracts, the franchiser should bear in mind the following:

* The contract term and termination
* Agreements on transfer of know-how, management service fees and levels of royalty rates
* The submission of disputes to foreign arbitration or courts
* Agreements including restrictions on free competition: Royal Decree 157/1992 provides exemption to franchising agreements exclusively affecting the Spanish market provided the terms of the agreement fall within the provisions of the E.U. Regulation 4087/88

General requirements of franchising agreements to meet E.U Regulation in order to avoid violating antitrust law are:

* The use of a common mark or other distinctive sign and the uniform presentation of premises, in order to preserve the unity of the network
* The communication by the franchiser to the franchisee of secret, substantial and identified know-how
* Ongoing provision of assistance by the franchiser

In the last few years, franchising has grown rapidly. There are over 676 franchise systems operating in Spain, with an estimated 26,900 franchised units. Retail sales by franchised units accounted for about 6.5 percent of total retail sales. Based on trade statistics, the annual sales for business format franchises in Spain for 1998 were estimated at USD 7.15 billion.

Franchising is most popular in the restaurant/food business sector with 11.2 percent of total franchised retail outlets, followed by the distribution/self-service sector with 10.2 percent and textile/fashion with 9.5 percent. Apart from the key sectors, franchising opportunities can be found in retail specialty shops, home furnishings and decoration, educational products and services, automotive products and laundry and dry cleaning.

Forecasts show that franchises will account for 7.5 percent of all retail stores by the year 2000. Around 70 percent of franchises are Spanish, followed by American (11 percent), French (ten percent), Italian (four percent) and British (two percent). The U.S. is regarded as the benchmark and model country in franchising. It is expected that there will be approximately 90 U.S. franchisers in Spain by the year 2000, with total sales nearing USD one billion.

For small, traditional retail stores, franchising offers a means of competing with larger stores. In large urban areas, small retailers have few options. They must specialize, associate with other retailers, or close. Franchising is a safe and promising new option.

Domestic statistics show that out of every five new independent retail operations opened each year, between three and four either change the type of business, ownership, or close before their first anniversary. However, the same survey shows a different outlook for franchised outlets. Four out of five franchises remain open and are still working with the same brand and promoter after their first anniversary.

Analysts believe that the demand for franchising will be sustained in the future. As the market becomes more segmented and requires further specialization in retailing, demand for franchising will continue.

There are various types of franchising agreements, which differ according to their subject matter: industrial franchising agreements (for the manufacture of goods), distribution franchising agreements (for the sale of goods) and service franchising agreements (for the provision of services).

Regarding tax treatment of franchising agreements, the nature of the consideration paid by the franchisee to the franchiser should be analyzed since it could be considered as a royalty and as business income, or only as a royalty, depending on the different services rendered and rights granted (if royalties, they are taxed in Spain at 25 percent or at the reduced tax treaty rate, if any).

Direct Marketing

Direct marketing is becoming one of the most favored marketing and distribution tools in Spain. In 1997, this sector's annual billings reached USD 1.5 billion. Estimated annual growth figures through the year 2000 are healthy and the forecast shows that direct marketing could reach billings of USD 2 billion by the end of the decade.

Several factors are fueling direct marketing in Spain. They include technological advances in printing and distribution, a steady development of credit card use, and changing lifestyles. The Spanish urban population is moving out of the cities to residential areas, which are often away from the main commercial centers. Therefore, they use mail order to fulfill their consumer needs. Additionally, more women are entering the job market and are seeking ways to save time in making household purchases. Consequently, mail order and TV direct marketing have become increasingly popular and profitable.

Mail-order companies lead the direct marketing sector. This sub-sector makes up more than 65 percent of total direct marketing billings at present. Mail order companies sold USD 975 million worth of goods during 1997. Approximately 90 percent of these sales came from individuals/households.

Tele-marketing is the fastest growing sub-sector, reaching billings of USD 129 million in 1997. Increased sophistication in the telephone services offered by the formerly state-owned Telephone Company Telefonica and their new competitors (after telecommunications services liberalization) brightens tele-marketing's future.

Television direct marketing companies have been operating in Spain since 1990, when television was opened to private broadcasters. In this short time, it has become increasingly popular and profitable. Companies reported sales as high as USD 140 million during 1997.

Trust is an important competitive factor in this market. Often, consumers trust the direct marketing firms who are members of the Spanish E-commerce and Direct Marketing Federation (Federacion Española de Comercio Electronico y Marketing Directo). Membership implies adherence to a number of ethical codes. Furthermore, after several years without ethical regulation, the Spanish Parliament passed a Data Protection Omnibus Law in October 1992. Known as LORTAD, the law regulates all aspects of data protection against the misuse of personal data.

Electronic commerce is booming in Spain. Spaniards, however, will still require some time to get used to this technology. A survey conducted by the Asociacion Española de Comercio Electronico (Spanish Association of E-commerce) indicates that 67 percent of users are still reluctant to use Internet to make purchases and only 23 percent made purchases through the net in 1998. Although 72 percent of Spanish firms have a web page, on-line sales are not yet available in the majority of the cases. One of the reasons that has been raised is that most Spanish firms are small and medium-sized enterprises led by middle-aged executives. New generation executives tend to be more innovative and prone to applying technology.

The Asociacion Española de Comercio Electronico (Spanish Association of E-commerce), which is part of the Federacion Española de Comercio Electronico y Marketing Directo (Spanish Federation of E-commerce and Direct Marketing), and recent private surveys are optimistic in their forecasts and believe that E-commerce will experience a very fast growth rate in the near future (89 percent through the year 2000) when more than ten percent of transactions, in Spain, are expected to be made through the net.

Large firms are taking the lead in the use of the Internet for sales to end-users. Thus, El Corte Ingles, a leading luxury department store chain in Spain that sells products from jewelry to furniture to car equipment, is already on the net and will soon be selling up to 70,000 products from different departments. The first products already available from their web page are books and supermarket products.

Virtual banking is becoming increasingly common for Spaniards. Due to the many benefits, such as 24 hours a day services, this type of service is growing at a fast pace. Banking services have been well received by Spaniards. Within the next few years the number of clients should increase substantially.

Spanish airline companies such as Iberia, Spanair, and Air Europa also offer on-line services for consulting tariffs, reserving and buying tickets on-line.

The Spanish E-commerce Association has developed a code of rules for electronic advertising, which is already being implemented by the 30 founding member firms of the Association. The potential market for E-commerce in Spain is defined by the following parameters: eight million computer users in Spain in 1997 (10 percent over 1996 figures); 1.3 million internet users in 1997 (78 percent over the previous year), 65 percent of which use it more than 5 hours a week; more than 400,000 registered Internet addresses in Spain; and annual growth forecasted of 30 percent through the year 2000.

Federacion Española de Comercio Electronico y Marketing Directo
Avda. Diagonal, 437
08036 Barcelona
Tel: (3493) 414-0538
Fax: (3493) 201-2988

Asociacion Española de Comercio Electronico
Avda. Diagonal, 437
08036 Barcelona
Tel: (3493) 240-3133
Fax: (3493) 240-3134

Joint-Ventures/Licensing

Another way for a U.S. company to penetrate the Spanish market is through a joint venture. Companies may pursue different types of joint ventures. For example, it is common for companies to invest as minority shareholders in existing companies, or to set up jointly controlled companies. Other joint ventures consist of companies that take majority stakes, which fall short of full ownership, or join temporary arrangements with other companies. A description of temporary joint ventures under Spanish law follows. For other forms of joint ventures, such as setting up a company in Spain with a local partner, see the subsection entitled "Steps to Establishing an Office."

A group of companies can form temporary business associations (Uniones Temporales de Empresas -UTE), to undertake specific projects for a limited time. This type of association does not have a separate legal personality. Therefore, companies maintain their legal status while allowing common operations under a pre-established set of rules. Foreign companies can enter this type of arrangement.

An Economic Interest Group (Agrupacion de Interes Economico -AIE) is also a type of joint venture between Spanish participants (please note that American companies established in Spain are considered Spanish companies). It is similar in concept to a partnership because its participants have joint and separate liability for their debts. To form an AIE, the participants must execute a public deed, incorporating bylaws, and record it at the commercial register. The internal operation of an AIE is similar to that of a corporation and one can transform an AIE at any time into any other type of commercial entity.

There is also a European version of the AIE, the European Economic Interest Group (Agrupación Europea de Interés Económico -AEIE). This is a cross-border version of the Spanish AIE, introduced by E.U. Regulation 2137 of 1985. A local AEIE is a separate legal entity and must be incorporated in Spain and recorded in the commercial register. In most respects, it is similar in constitution and operation to an AIE.

These three models of joint ventures are tax transparent, and they apportion their income among members. In all of these cases, the members are responsible for losses and profits.

License contracts in Spain may cover industrial property rights (patents, utility models, trademarks); intellectual property rights (rights of use for literary, scientific or artistic works, or software); know-how; or other uses of technology. Regarding the contents, Spanish regulations allow the parties a wide range of freedom to negotiate the terms and conditions of the agreement. Even so, there are many clauses common to this type of contract:

* Exclusive clauses, sometimes complemented with exclusive purchase obligations;
* Measures to limit the licensor's commercial activity;
* Confidentiality and non-competition obligations;
* Obligations relating to improvements and innovations (this includes updating the rights granted to the licensee and communicating to the licensor innovations developed by the licensee); and
* Indemnification in case of breach of contract by one party.

In Spain, license contracts are only valid if they are drafted in accordance with regulations. License contracts for trademarks, patents, and utility models must be in writing, and the Spanish Patent and Trademark Office must register them before they take effect.

The License contracts covering intellectual property rights (copyright) must also be in writing. If the author of a contract requires it be recorded in writing, and the licensee fails to draft such a contract, the author may rescind the contract. Publishing contracts must also be formalized.

There are other License contracts which are not subject to special requirements or form. Please note that under Spanish law, the term intellectual property is limited to the author's rights (copyright) and does not include patents and trademarks (called industrial property rights).

Under Spanish law, a royalty is defined as "the consideration paid by the licensee to the licensor for the knowledge transmitted". The knowledge may or may not be patentable, but it must allow the licensee to use it within a commercial or industrial process.

Steps to Establishing an Office in Spain

The first decision a foreign investor in Spain must make is whether to incorporate a subsidiary (i.e., a separate corporation) or a branch. Both have full legal status and their profits are taxable in Spain.

If the investor decides to incorporate a subsidiary, the next decision is whether to incorporate a public limited-liability company (Sociedad Anonima, or S.A.) or a private limited company (Sociedad de Responsabilidad Limitada or S.L. or S.R.L.). The structure of the S.A. is for larger operations and the S.L. for smaller. Three other kinds of mercantile entity can be formed, but they are not so frequently used: General Partnership (Sociedad Regular Colectiva), Limited Partnership (Sociedad en Comandita), or Limited Partnership by Shares (Sociedad en Comandita por Acciones).

Shareholders in corporations (S.A.) and limited liability (S.L.) companies are not liable for the company's debts. The main differences between them are in their capital (10 million pesetas versus half a million), the number of founding members (three versus two), flexibility permitted at general meetings, transfer of shares, and management of an S.L.

Companies interested in establishing operations in Spain should obtain legal advice. Major consulting groups and law firms are available to help firms incorporate. A summary of the steps involved follows.

(A) To acquire legal status, an American firm must follow the following steps:

(1) **Registration of company name**: Promoters must acquire a certification that the name chosen for the future company is not already registered. Applications must be presented at the Central Mercantile Registry. The certification is valid for two months.

(2) **Public deed or incorporation charter**: The founding partners sign the constitution deed for the business according to the company's charter. This is done at any of the notary publics that exist in Spain. Both the name certification and the company's charter are required.

(3) **Pay asset transfer tax and legal proceedings document tax**: These are taxes paid for a new incorporation (they amount to roughly one percent of capital stock). The company must pay the taxes at the provincial tax delegation where the company incorporates. Necessary documents: a completed form-model 600 and both a legalized and simple copy of the Public Deed (provided by the notary public). This must be done within 30 working days from the date of the Public Deed.

(4) **Acquire the Tax Identification Code** (locally called CIF - Código de Identificacion Fiscal): This number becomes the means of company identification and is required for all transactions. The provincial tax delegation provides the code. Necessary documents: form model 036, a copy of the public deed and a photocopy of the applicant's I.D. if it is a partner, or photocopy of the power of attorney authorizing the applicant. This must be done within 30 working days from the signature of the public deed. The CIF number must be withdrawn within six months of application.

(5) **Registering the company**: the company must register at the corporate registry corresponding to the incorporation address. Necessary documents: first copy of the public deed (provided by the notary public) and certification that taxes (see above) have been paid. On average, it takes two months to complete registration.

(B) To start any economic activity the following are required:

(1) **A fiscal license**: Companies must get a fiscal license. This is a local tax levied on fiscal year activities and can be acquired at the local tax administration. Necessary documents: I.D. of the individual or C.I.F. (tax identification code) for companies, I.D. of the legal representative, and motor vehicle tax and technical inspection card if it is a transport enterprise. In some professional services the approved seal of the professional association or bar is required. The individual or company must request this license 15 days before starting any economic activity.

(2) **Census declaration**: Companies must register in the corporate census for Value Added Tax purposes and inclusion under the personal tax declaration system. This is done at the local tax administration. Necessary documents: A photocopy of C.I.F. (tax identification code) and identity card. Documents must be submitted prior to the beginning of business activity.

(3) **Tax books**: Regulations establish that companies must reflect different internal operations in special books: an income and sales book; an expenses or purchase book; and an inventory book. Necessary documents: fiscal license and a photocopy of I.D. The local tax administration must legalize the books within 30 days following the issuance of the fiscal license. As of January 1999, with Spain’s participation in the European Monetary Union (EMU), companies might start keeping their books in Euros.

(C) Social Security Registration:

(1) **Registration of a company**: Once incorporated and ready to start operations, companies have to register with the Social Security system. This registration is unique for each province where a work center exists. The self-employed have to register as well. Necessary documents: a copy of the deed of the constitution of the company and photocopy of the applicant's I.D. or power of attorney. For individual businesses, an I.D. is needed. This procedure also requires a contract with the Workers Compensation Fund. The local Social Security delegation carries out the necessary procedures.

(2) **Opening communication**: Communication of the opening of the work center or resumption of economic activity must be done within 30 days of opening. Companies and individual businesses must also keep two logs: a visitor's log and a personnel registration book. This needs to be completed at one of the Social Security's provincial delegations. Necessary documents: details of the company and work center plus a description of business activities.

(D) The town council may require the following procedures (it varies from town to town).

* Municipal tax liability, depending on the street category
* Construction licenses if there is going to be any work carried out on the premises to adapt it to new economic activity
* Opening license that accredits that the project's installations conform with municipal regulations
* Notification every time there is a change in ownership

(E) Other specific requirements:

* Industry Property Registry for trademarks, patents, commercial names, distinguishing signs, industrial models, etc.
* Industrial Registry for industrial activities, workshops, toxic or dangerous substance warehouses, and manufacturing operations of any product

* Company Qualification Certificate for construction, installations and/or electrical repairs, wood and cork sectors, and engineering and consulting activities
* Identification papers or certificate for individual persons or companies involved in electrical installations, gas, air conditioning and compressors
* Special Registry for food industries and wholesale establishments (except supermarkets and hypermarkets)
* Special Registry for industries that transform and store agricultural products
* Special registry for manufacturers, importers, retailers and distributors of gambling equipment
* Commencement authorization for bars, cafeterias, restaurants and hotels
* Application license for travel agencies
* Special registry for companies involved in the security sector

Selling Factors/Techniques

Until recently, client satisfaction was not a major concern in Spain. Foreign distribution companies that have entered this market have introduced this concept. Spain passed a new product liability law in July 1994 to protect consumers. Relationships are still very important in selling U.S. products in Spain. This factor is sometimes more important than price or quality, especially in large account sales. The decision making process within a Spanish company is different from that in the United States. In Spain, for example, the company's leading executive is responsible for decisions. This person takes action after review by different departments, making the sales process longer. An initial "yes" usually means that the company will study the situation, and not necessarily that it will buy the product.

Department stores, hypermarkets, shopping centers and very specialized outlets are introducing the "fidelization" concept, which usually involves issuing of client cards, cumulative discounts and special offers for frequent customers.

New selling techniques are becoming very popular. Vending machines have spread throughout Spain in the last decade. Direct marketing by mail order, telephone, TV or electronic commerce is growing considerably (see Direct Marketing section). Demand for logistical services is also rising sharply. Otherwise, selling techniques, taking into consideration local tastes, are very similar to those in the Western World.

Advertising

TELEVISION: Almost every Spanish home (99.7 percent) has television and 91 percent of Spaniards watch television each day. Peak viewing hours are 2:00-4:00 p.m. and 9:00-11:30 p.m.

Broadcast TV

Prior to 1990, state-run Televisión Española (Channels 1 and 2) and regional stations run by the autonomous governments were the only options available to Spanish viewers. In 1989, the Spanish government authorized the creation of commercial television and issued licenses to three national private commercial channels (Antena 3 TV, Canal Plus, and Telecinco). Under the Real Decreto-Ley 1/1997, Spain adopted E.U. regulations Directive 95/47/CE in order to undertake measures for the liberalization of TV. The Liberalization of Telecommunications Act took effect December 1, 1998, although major changes will remain unnoticed in the short term.

On January 8, 1999, Spain’s Council of Ministers called for a competition to manage the introduction of terrestrial digital TV throughout Spain. Terrestrial digital TV will go on the air starting June 30, 1999. By the year 2000, it will reach all cities with over 2,000 inhabitants, with full national coverage within a decade.

National Networks

Televisión Española (Channels 1 and 2): State-run Televisión Española (TVE) began broadcasting in 1956. Channel 2 was added in 1965. Funded by the government and private-sector advertising and directed by a government-appointed director general, TVE regularly runs large budget deficits. These deficits, along with criticism by both major political parties (when in opposition) of “politicization” of news coverage, keep TVE under constant political scrutiny. The flagship Channel 1 continues to be the national ratings leader with 25.6 percent of total audience. Channel 2, with more cultural and educational programs, has a 7.3 percent share.

Antena 3 TV: Introduced in January 1990, popular entertainment-oriented Antena 3 TV was the first private national network to begin broadcasting. Today it broadcasts 24 hours per day, reaching virtually all of Spain with 22.3 percent of the audience.

Telecinco: TV 5, the second private channel, began broadcasting in March 1990. The Italian company Fininvest is the principal shareholder. Other investors include Telefuturo, belonging to the German group Kirsch and Sotelcin division of Correo Group, one of the most important communication groups of Spain. Telecinco has a 20.8 percent audience share.

Canal Plus: Controlled by PRISA, Canal Plus broadcasts a mixed program of free and coded programs, primarily feature films. For the latter, over 1.5 million viewers pay a subscription fee. Unencoded programs (mainly news) are available to anyone with a television set. It has a 2.4 percent share. In January 1999, **CNN Plus**, a collaborative all-news venture between Canal Plus and CNN, began broadcasting on PRISA's Canal Satélite Digital (see below), using original coverage produced in Spain by its own news team (which it shares with Canal Plus) and international coverage from CNN.

Autonomous and Local Television

Spain now has six "autonomous" (regional) TV stations in Catalonia, the Basque Country, Galicia, Andalucía, Valencia, and Madrid; and over 75 local stations. Altogether, they represent a 17.8 percent TV audience share. In 1990, the Federation of Autonomous Radio and Television (FORTA) was formed to centralize film and sports rights acquisition for regional television stations, to coordinate their planning and programming processes, and to share news coverage.

Cable and Satellite TV

1.2 million Spanish homes (about ten percent) have either cable or satellite TV. Of these, the majority, 790,000, have some kind of satellite system while the remainder have cable. Last year’s estimated growth in cable and satellite was 150,000. At present, there are only 12 local cable outlets in all of Spain. Under current law, the national government shares licensing responsibility with provincial and municipal governments. Non-European investment is limited to 25 percent.

Analog satellite television (carrying European, American, and Middle Eastern stations) is available in Spain. The most widely-viewed programs are carried on Astra and the Spanish-owned Hispasat satellites.

Digital direct-broadcast satellite television has the capacity to deliver a large number of high technical-quality channels to a very small antenna, owned by the viewer (and the strongest alternative to widespread development of cable TV). It is Spain's most promising chance to rapidly improve its domestic television system. In July 1998 Spanish-led multimedia groups Via Digital, led by Telefónica and RTVE, with over 300,000 subscribers; and Canal Satélite Digital, led by the PRISA subsidiary Sogecable, with over 500,000 subscribers, signed an agreement to create a common "digital platform." Three months later the two companies broke their agreement due to disputes over rights to football matches. Most experts believe that Spain can financially support only one platform and that only one group will emerge victorious.

RADIO: Almost sixty percent of Spaniards listen to radio every day, most (two-thirds) to FM. Spain has 16 networks, 811 FM stations and 129 AM stations. Peak listening hours are early in the morning and late at night. The leading radio programs, based upon audience, are the talk shows "Hoy por Hoy" with Iñaki Gabilondo on Radio SER (1,886,000) and "Protagonistas" with Luis del Olmo on ONDA CERO Radio (1,524,000), followed by "La Mañana" with Luis Herrero on Radio COPE(1,384,000) and "Buenos Días" (1,194,000) with Carlos Herrera on RNE1. The principal radio networks are:

	Audience
SER (private - PRISA)	4,109,000
COPE (Catholic Church)	2,846,000
RADIO NACIONAL (government).......................	2,029,000
ONDA CERO (private)...............................	1,965,000

PRESS: Thirty-eight percent of Spaniards read a newspaper every day, but circulation of the major national dailies is declining. Over 140 different dailies (mainly local) plus seven supplements are published in Spain. In Madrid, five major daily newspapers and three economic/financial dailies carry international and national coverage from correspondents, the major world wire services and the three Spanish news agencies, one of which is the government-owned EFE service. Most of the Madrid dailies have U.S.-based correspondents. The Madrid dailies are:

Title	**Circulation**
EL PAIS (liberal-left)	440,628
ABC (conservative)	310,670
EL MUNDO (centrist)	284,519
DIARIO 16 (centrist)	* ------
LA RAZÓN	**4,000
EXPANSION (economic)	54,426
CINCO DIAS (economic)	26,655
GACETA DE LOS NEGOCIOS (economic)	12,886

*No figures available.
**Circulation estimated.

The three major Madrid-based **news agencies** are: EFE, Colpisa and Europa Press.

Barcelona has three daily newspapers. Each have their own correspondents in the U.S. and receive international coverage from the international wire services and the three news agencies headquartered in Madrid. Barcelona dailies:

Title	**Circulation**
LA VANGUARDIA (independent)	210,012
**Audience	588,000
EL PERIÓDICO (center-left)	207,772
AVUI (Catalán/nationalist)	34,156

PERIODICALS: Fifty-five percent of Spaniards read at least one magazine regularly, but circulation is in decline. More than two thousand different magazines are published in Spain. Some of the more important are:

Title	**Circulation**
HOLA (celebrity/social)	627,514
TIEMPO (left-independent)	81,972
TRIBUNA (independent)	* 60,000
CAMBIO 16 (centrist)	* 51,000
ÉPOCA (conservative)	39,509
DINERO(economic/conservative)	10,136
ACTUALIDAD ECONÓMICA (economic/conservative)	* 22,252
POLÍTICA EXTERIOR (foreign affairs bimonthly)	* 12,000

*Circulation estimated.

U.S. NON-GOVERNMENT CORRESPONDENTS AND MEDIA REPRESENTATIVES: The Associated Press, AP/Dow-Jones, Bridge News, Reuters, and Bloomberg Business News have full-fledged bureaus in Spain. Time, Newsweek, The New York Times, The Miami Herald, USA Today, and The Wall Street Journal are also represented in Madrid. Among broadcast media, CBS, ABC, and CNN are all represented by stringers; the AP bureau includes the television operation APTN.

<u>Product Pricing/ Payment Terms</u>

Pricing practices in Spain are similar to those of the United States, although mark-ups tend to be slightly higher. Products and services in Spain are subject to a Value Added Tax, which is presently 16 percent. A reduced rate of seven percent is applied to the sale and imports of human or animal foodstuffs, water, agricultural chemicals, pharmaceuticals for animal use, medical and health products, mopeds, personal dwellings, hotel and restaurant services, transportation services, agricultural services, street cleaning services, entertainment services, building and construction services, medical services and funeral services. A further reduced rate of 4 percent is applied to bread, dairy products, eggs, fruits and vegetables, books and newspapers, pharmaceuticals for human use, vehicles and medical items for handicapped people and vehicles for public transportation. VAT is not imposed in the Canary Islands, Ceuta and Melilla. The General Indirect Canarian Tax of 4.5 percent is imposed in the Canary Islands.

Payments are usually based on 30, 60 or 90 day terms. Large corporations (including large retailers) negotiate or impose larger payment terms that can last up to six months. The government defers all payments. Depending on the department, payments can be deferred up to one year. Product pricing must also include the necessary financial charges.

Companies in the United States also need to be "Euro-ready" as Spain is one of the eleven countries initially participating in the European Monetary Union. Depending on their size and the requirements of their customers and suppliers, U.S. firms may be required to start quoting prices in local currency and Euros as of 1999.

Given that the Euro will be available as a physical currency in 2002, most consumer products should see a slow phase-in period as retailers invest in either duplicate cash registers or modify their pre-existing cash register systems to include the new currency. Companies who engage in electronic commerce will need to look at modifying their web sites to reflect doing business in the new currency.

Sales Service/Customer Support

Demand among Spanish consumers for sales and customer service is growing. All technical products and most consumer products have sales service/customer support. Regulations require that sales service be available for government procurement.

Customer support is not as developed as it is in the United States. Many shops have no return policies. Only large department stores and new retailers (usually foreign) have liberal return policies similar to those in the United States.

Selling to the Government

In Spain, all levels of administration (the Central Government, Autonomous Communities. Local Municipalities and Companies that have over 50 percent government ownership) have to follow certain procurement practices encompassed in Law 13/1995, "Contracts With Public Administration", published in November 19, 1995.

The Authorities that are allowed to contract or obligate funds on behalf of the Government are:

* Central Government: Ministers and State Secretaries
* Autonomous Communities: Legal representatives as established by the local government (usually a member of the cabinet)
* Local Municipalities: The Mayor or any other formally designated official
* State-owned companies: The Chief Executive Officer

Furthermore, any contract over two billion pesetas (USD 13.7 million at current exchange rates) requires approval by the Council of Ministers (Executive Cabinet).

All potential suppliers to the Spanish Government (both foreign and domestic) need to register with the Ministry of Economy, in the "Registro Oficial de Contratistas". Any company that can prove economic/financial as well as technical solvency is eligible to contract with the government. A company can demonstrate its economic/financial solvency by proving the security of financial risks, shares, business balances and cash flows, and by stating its global business obligations. Technical solvency can be established by means of academic titles, experience, description of work done in the past five years, and via machine, materials and technical equipment at the company's disposal for the completion of the work.

There are three different types of contractual proceedings: Open, Restricted and Negotiated. In open proceedings, all opportunities are published and open to all interested companies. It is more difficult for foreign companies to participate in restricted proceedings. Between five and twenty companies are invited to present their documentation for evaluation and, upon completion of this process, qualified companies are invited to bid. Negotiated proceedings are even stricter. No less than three companies are invited to bid and invitations are presented based on known qualifications, so documentation is not necessary. In certain situations, urgent or emergency proceedings may be necessary and will follow different rules. Government agencies can also pre-qualify companies and invite them for a restricted procurement. Although, this is a practice that governments often use for military and other sensitive procurement, it can also be applied in the environmental technology field. Foreign and domestic companies can be pre-qualified and invited to participate in restricted procurement projects.

All requests for proposals must be published in the "Bulletin Oficial del Estado" a publication similar to the Federal Register. Invitations to bid on government contracts are published at least 26 calendar days before the due date of bids. In addition, all contracts above USD 4.5 million are published at least 40 calendar days before the due date of bids in the European Community Bulletin.

The procedure to bid for a specific tender is relatively straightforward. All proposals are kept secret and must be accompanied by proper documentation. This information should include:

(1) Accreditation of the legal representation used by the company
(2) Proof of economic, financial, technical or professional solvency and competence plus a declaration that the company is not prohibited from contracting
(3) Provisional guarantee must be accredited to prove it has been deposited
(4) For foreign companies, formal acceptance of the jurisdiction of the Spanish courts if necessary (Spanish legal representation is required)
(5) Accreditation of having met all fiscal and social security obligations

Foreign companies wishing to contract with the Spanish government need to validate all certifications with the Spanish Consulate. It is possible for foreign companies to be involved in the negotiated and restricted procedures if qualified. According to local law, all foreign firms must have a legal presence in Spain (formal agency agreement, distributor, branch office or subsidiary) before bidding on contracts. American companies also have to accept the jurisdiction of Spanish courts in legal issues that may result from a contract with the Spanish Government. In case of disputes, the Spanish national and local governments will only recognize Spanish courts. Arbitration procedures are not accepted.

American companies interested in bidding for a contract with the public administration must contact Spain's Embassy in Washington DC, to document their compliance with the norms.

Embassy of Spain

Commercial Service
2558 Massachusetts Ave. N.W.
Washington, DC 20008-2865
tel: (202) 265-8600
fax: (202) 265-9478

Protection against IPR Infringement

Spain is a signatory to the Paris Convention for the Protection of Industrial Property. The Spanish Patents Act of March 20, 1986, brought Spain into conformity with the European Patent Convention and the anticipated E.U. Patent Convention as a requirement for its entry into the E.U. Both the Trademark Law of November 1988 (Law 32) and the Intellectual Property Law 1750/87 address protection for brand names and trademarks. Spain is also a party to the Madrid Agreement on Trademarks. These laws follow E.U. standards. The Intellectual Property Law of November 1987 offers copyright protection.

a) Patents

A non-renewable 20-year period for working patents is available, if the patent is used within the first three years. Spain is revising its patent laws for chemicals, pharmaceutical, and biotechnology to conform with E.U. standards.

b) Industrial Designs

Known by their form or external characteristics, industrial designs are eligible for exclusive exploitation for renewable periods of 10 years. Although third parties may oppose registration on the basis of similarity to already registered models, registration is not forfeited because of non-use.

c) Trademarks

The Industrial Property Registry provides protection of trademarks for a 10-year period from the date of application. Trademarks must be registered for protection and may be renewed. Protection is not granted for generic names, geographic names, those that violate Spanish customs, or other inappropriate trademarks.

d) Copyrights

The law extends copyright protection to all literary, artistic, or scientific creations, including computer software. Spain and the United States are members of the Universal Copyright Convention. For protection, U.S. authors must register with this organization.

The Office for Harmonization in the Internal Market (OHIM) for the registration of community trademarks in the European Union started its operations in 1996 and has its headquarters in Alicante:

Oficina de Armonización del Mercado Interior
-Office for Harmonization in the Internal Market-
Avenida Aguilera, 20
03080 Alicante
Tel: (3496) 513-9100
Fax: (3496) 513-9173

Need for a Local Attorney

Foreign companies and individuals are advised to acquire legal advice for any complex business transaction that they intend to do in Spain. A local attorney can help set up either a subsidiary or a branch, carry out business transactions, represent a company in government contracts, or find residency in Spain. Regulations are complex and legal help may be useful in many commercial activities.

A list of attorneys may be obtained from the U.S. Embassy Consular Section or from the Commercial Service (CS) offices in Madrid or Barcelona. (For contact information, see Appendix E).

Performing Due Diligence/Checking Bona Fides of Banks/Agents/Customers

CS Spain discontinued its International Company Profile service as adequate commercial information and financial reporting are available at a reasonable cost from the private sector. Local Chambers of Commerce usually provide this type of services. Dun & Bradstreet has offices in Spain located at Salvador de Madariaga, 1 2ª, 28027 Madrid, Tel: 34-91-377 9100, Fax: 34-91-377 9101. A complete list of credit reporting agencies may be obtained from CS Spain.

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

Best Prospects for Non-Agricultural Goods and Services

List of Best Prospects:

1. Telecommunication Services
2. Pollution Control and Water Resources Equipment
3. Franchising
4. Telecommunications Equipment
5. Medical Equipment
6. Electric Power Systems
7. Automotive Parts and Accessories
8. E-Commerce
9. Aircraft and Parts
10. Architectural/Construction/Engineering Services
11. Organic Chemicals for the Pharmaceutical Industry
12. Paper and Paperboard
13. Industrial Controls
14. Computer & Peripherals

Sector rank: 1
Sector name: Telecommunications Services
ITA Industry Code: TES

The telecommunications service market in Spain is booming, driven by the recent liberalization completed on December 1, 1998 and the general recovery of the Spanish economy. Ranking ninth in the world, the Spanish telecommunications sector has shown record growth in the cellular phone and Internet application subsectors and in digital networks and associated technologies. Telefonica ranks 10th worldwide, including its South American operations.

The market values in the table below (with services totaling over USD 14 billion in 1999) reflect the creation of new operators and their significant investment in the development of alternative networks to the former state-owned monopoly Telefonica. Though the telecom services sector does not currently rank within the top 20 exports to Spain (according to official U.S. Government statistics), it holds tremendous potential. The sector is growing exponentially with services expected to increase at a minimum of 13 percent per year. These figures may increase due to projected increases in services such as e-commerce.

Since liberalization, the Telecommunications Market Commission (Spanish FCC-type body) has awarded more than 25 different types of licenses depending on the services to be provided.

With new entrants in the fixed telephony market, Telefonica has had to face increased competition. At the end of 1998, Retevision, the second fixed telephony operator, gained eight percent market share. In 1999, Retevision's market share was approximately 13 percent. On December 1, 1998, a new operator, Lince, entered the market. Under the UNI2 trademark, Lince's projected investment is expected to be approximately USD 1.3 billion over the next ten years. By 2008, this operator expects to gain 7.5 percent of total market share.

The major cellular operator in Spain is Telefonica's GSM service, Movistar, with 5.9 million subscribers. A second operator, Airtel Movil (associated with the U.S. cellular telephone company Airtouch) began operating in 1995 and currently has nearly 2.7 million subscribers. In January 1999, a new entrant, Retevision Moviles, began operating in the mobile market. Under the Amena trademark, Retevision has reached 1.26 percent of total market share. The three operators combined have 8.7 million users including more than 800,000 subscribers of analogue ETACS service users (Telefonica's Moviline). Initially, the Retevision DCS operator will be able to roam on the other networks to make up for its lack of infrastructure in comparison with Telefonica and Airtel. Retevision Moviles will use its competitors' networks until 2000. During this time, Retevision Moviles will install GSM 1800 system platforms to build up their own mobile networks.

Recent reports indicate that the Ministry of Development will tender the third generation (UMTS - Universal Mobile Telecommunications System) licenses in 1999. The UMTS will be operational by January 2002. Industry experts expect that the Government will probably award the license to Lince, a group headed by France Telecom.

Of the forty-three cable demarcations, ten operators are currently providing cable services in Spain. Telefonica is also substantially increasing its cable projects. According to Spanish legislation on cable telecommunications, Telefonica cannot provide cable services for 24 month since 1997 so this moratorium will be over in 1999. Cable operators in Spain have committed to invest over USD 6.7 billion to develop the cable sector. Recently, cable operators requested that the moratorium imposed on Telefonica (regarding the date when the former-state company may begin operating) be extended. Additionally, the Ministry of Development approved an authorization to allow Telefonica to develop ADSL (Asymmetric Digital Subscriber Line) infrastructure. According to the Ministry of Development, ADSL would increase Internet access quality.

Two digital satellite TV platforms have benefited from the delay in cable telecommunications, one backed by Telefonica (Via Digital) and the other by the substantial Spanish Sogecable Communications Group. Telefonica has recently increased its stake from 53.9 to 68.6 percent in Via Digital. Sogecable owns the Canal Plus pay terrestrial TV channel. Retevision, Onda Digital's major shareholder, has recently won digital terrestrial television tender.

The Internet market is booming with more than 300 Internet Service Providers (ISP) in the market. Industry experts agree that following the market boom, many small ISPs will be acquired by large groups already established in the market, especially now that telecom operators will offer free internet access. Voice applications over Internet are also becoming best prospects in Spain and many foreign companies are considering entering the Spanish market. Estimated figures on Internet users for 1999, 2000 and 2001 are 3.6 million, 5.75 million and 8.75 million users, respectively.

There are still many issues pending to fully complete the liberalization process in Spain such as pre-selection and number portability between operators. These issues will help determine how competitive new operators will be in the recently-liberalized market.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total sales:	12,159	13,065	14,894
B. Total sales by local firms:	12,943	14,321	15,839
C. Sales abroad By local firms:	3,357	4,816	6,886
D. Local Sales By foreign firms:	2,573	3,560	4,923
E. Sales by U.S. owned firms:	651	1,068	1,794
F. Exchange rate: $1=	146	149	155

* The above statistics are unofficial estimates.

Rank of Sector: 2
Name of Sector: Pollution Control and Water Resources Equipment
ITA Industry Code: POL/WRE

Resources allocated during recent years confirm that Spain is increasing investment in this sector. According to the Spanish Ministry of Industry & Energy, Spain's investment in the environment increased six fold in four years, from USD 506 million in 1990 to USD 3 billion in 1994. E.U. members basically doubled their total investments in the environment for the same period (from USD 21 billion in 1990 to USD 54 billion in 1994). In 1998, the Government of Spain spent approximately USD 1.5 billion on projects to address environmental concerns. The Spanish Government’s estimated environmental budget for 1999 is USD 1.6 billion.

Specific plans and projects at the national, regional and local levels support Spain's environmental policy. The Spanish Ministry of Industry provided the following data on the main Spanish National Plans in the environmental sector:

Estimated investment for the National Plan for Dangerous Waste (1995-2005) USD 1.4 billion (25 percent to be provided by the Ministry of Environment to the regional governments through bilateral agreements).

Estimated investment for completing the National Plan for Soil Remediation (1995-2005): USD 1 billion (50 percent to be provided by the Spanish Ministry of Environment to the regional governments using its budget or Cohesion Funds. In 1992, under the Maastricht Treaty, Cohesion Funds were established to prepare for the Economic and Monetary Union in Europe. This money was designated to boost environmental and transport projects in countries whose per capita income is under 90 percent of the community average in order to bring them up to the standards of the other members. At the time, 15.15 billion ECUs (approximately USD 13.8 billion) were earmarked in the fund to be used in Spain, Portugal, Ireland and Greece between 1993 and 1999 (seven year period), increasing from ECU l.5 billion (approx. USD 1.37 billion) in 1993 to more than ECU 2.6 billion (approx. USD 2.37 billion) in 1999. This figure could move up or down, depending on the number of proposals presented by the member governments for funding and the number of projects approved by the E.U. The above figure is an estimate based on E.U. reports.

Estimated investment for the National Plan for Waste Water Cleansing and Treatment (1995-2005): USD 14.4 billion (the Environmental Ministry will provide 25 percent through the year 2005 to the regional governments from its central budget or from E.U. Cohesion Funds).

Completion of the Infrastructure Master Plan of the Spanish Development Ministry calls for a total investment of USD 147 billion. It is expected to be completed by the year 2010 and presents important opportunities in the environmental sector as well, specifically for waterworks, with special interest in the redistribution of water throughout Spain's territory and the upgrading of environmentally degraded areas.

Demand for equipment, technology and services is high from both the government and the private sector. The Organization for Economic Co-operation and Development (OECD) estimates that Spanish environmental public and private investment needs to increase up to USD 4.8 billion a year in order to attain the present E.U. environmental protection level, by the year 2005.

American businesses can bid on government contracts but must be prepared to face stiff competition from E.U. companies. U.S. firms interested in bidding on Spanish environmental projects should be present in Spain either directly through subsidiaries or branches or indirectly through distributors or representatives.

Spain fully complies with all E.U. environmental directives issued since 1993. In addition to the central government, there are 17 Spanish autonomous or regional governments, which issue environmental laws and regulations that are mandatory for their territories. The regional governments incorporate laws issued by the central government as well as E.U. directives.

Through the Ministry for Environment, the government imposes fines on contaminating industries. These penalties force Spanish industries to look for environmentally safer technologies and pollution control equipment to treat emissions and industrial waste. As a result, increased opportunities exist for U.S. environmental companies over the next eight years.

The Spanish Ministry of Industry expects an investment of over USD 14 billion in the environment by Spanish industry to the year 2000. The sectors that require the largest investments are the chemical and energy industries, with 21.5 percent and 19.2 percent, respectively. The basic industry segments (steel and non-ferrous metallurgy) will experience the largest increase, composing 12.1 of the total investment forecast. Textiles will invest 6.2 percent, construction 5.6 percent, automotive 3.9 percent, mining 3.4 percent, and other industries 28.1 percent.

The following treatment equipment offer best sales prospects for U.S. firms in the Spanish market: Waste thermal treatment plants (incinerators) (HS 8417.80); Water filtering or purifying machinery and apparatus (HS 8421.21); Industrial waste treatment/recycling plants and equipment (HS 8479). Since there is a large variety of pollution control and water resources equipment and parts, import duties from the U.S. cannot be determined unless the specific equipment is known. Duties are based on a case-by-case basis.

Data: (All figures in USD millions)

	1997	1998*	1999*
A. Total market size:	11,420	12,562	13,190
B. Total local production:	8,600	9,460	9,933
C. Total exports:	980	1,268	1,331
D. Total imports:	3,800	4,370	4,588
E. Imports from the U.S.:	1,375	1,718	1,803
F. Exchange rate $1:	146	154	155

* The above statistics are unofficial estimates.

Rank of Sector: 3
Name of Sector: Franchising
ITA Industry Code: FRA

There are over 676 franchises in Spain with more than 26,900 outlets, which account for approximately 6.5 percent of total retail sales. It is forecasted that franchises will account for 7.5 percent of all Spanish retail stores by the year 2000. Around 70 percent of franchises are Spanish, followed by American (11 percent), French (10 percent), Italian (4 percent) and British (2 percent).

Franchising is most popular in the restaurant/food business with 11.2 percent of total franchised retail outlets, distribution/self-service sector, with 10.2 percent and textile/fashion with 9.5 percent.

For small, traditional retail stores, franchising provides a means to compete with larger stores. In large urban areas, small retailers have few traditional options. Previously, small entities had to specialize, associate with other retailers, or close. Franchising offers them a safe and promising new option.

Domestic statistics show that of every five new independent retail operations opened each year, three to four either change business, ownership, or close before their first anniversary. The same survey shows a different outlook for franchised outlets. For example, four out of five franchises remain open and are still working with the same brand and promoter after their first anniversary.

In the last two years, franchising has grown rapidly. Since 1994, the number of master franchises has increased from 250 to 690. Recession has helped to fuel the demand for franchising because job displacement has created a large pool of trained professionals who are willing to invest their unemployment indemnity in the purchase of a retail franchise. Now that Spain's recession is over and the economy is in an expansion cycle, franchise outlets are benefiting from increased consumer demand which is triggering a new surge in franchise business development.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total sales:	5,900	7,150	8,120
B. Sales by local firms:	4,660	5,550	6,090
C. Sales by local firms abroad:**	-	-	-
D. Sales by foreign owned firms:	1,240	1,600	1,930
E. Sales by U.S. owned firms:	650	850	900
F. Exchange rate $1:	146	149	155

* The above statistics are unofficial estimates.
** Information not available

Sector rank: 4
Sector name: Telecommunications Equipment
ITA Industry Code: TEL

Spain ranks among the top 20 importers of telecommunications equipment from the U.S. American technology is highly regarded in Spain as the U.S. market is considered to be at the forefront of change and innovation. Spanish telecom operators entering the market and Spanish telecom activity today are similar to those in the U.S. after the enactment of the Telecommunications Act of 1996. Telecommunications equipment ranks number four in U.S. exports to Spain according to U.S. Government sources.

Many U.S. manufacturers are established in Spain, some with their own manufacturing facilities, but all face strong competition from E.U. competitors - notably France, Germany, Italy, the U.K. and Scandinavia. In addition, Japan continues to maintain a formidable market presence.

Local and national operators will make large investments in network infrastructures as numerous telecom licenses have been granted since the end of 1998. Retevision, Lince and the niche operators will invest over USD 2 billion in the sector during the next five years, in addition to Telefonica’s constant expansion and modernization of its network.

Internet technology and e-commerce related hardware and software are hot prospects in Spain. DCS-1800 digital cellular infrastructure will bring about major sales in this sector during the next few years. Amena, Movistar and Airtel will make huge investments in DCS-1800 digital cellular infrastructure.

In terms of Spanish imports, U.S. telecommunications equipment exports to Spain rank second with 25 percent following E.U. countries that represent 44 percent of the total market of approximately. Best prospects are for cable equipment (HS 8525** to 8528**) and wireless equipment (HS 8518**, 8527** and

8525**). Duties levied on telecommunications equipment range from 0.9 to 14 percent.

All equipment must be CE marked, and in some cases be certified in Spain if it is to be connected to the (Public Switching Network) or use the electromagnetic spectrum for transmission.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	3,184	3,678	4,082
B. Total local production:	3,154	3,544	3,969
C. Total exports:	1,271	1,369	1,474
D. Total imports:	1,301	1,503	1,727
E. Total imports from U.S.:	458	601	793
F. Exchange Rate: $1 = pesetas:	146	149	155

* The above statistics are unofficial estimates.

Rank of Sector: 5
Name of Sector: Medical Equipment
ITA Industry Code: MED

The market for medical equipment depends heavily on imports, which represent approximately 80 percent of the total market. U.S. medical equipment is highly regarded by Spanish MD’s and domestic importers/distributors. The U.S. is the main supplier to Spain with approximately 25 percent of total imports. Purchases of medical equipment are made predominantly by public health care sector institutions (85 percent). The private health care sector comprises the remaining 15 percent. Most public health care sector purchases are made by public hospital tenders. However, pre-selection among competing companies is a step made prior to the open bid. During this pre-selection period, the supplying companies present to the hospital the description of their products and their prices. After reviewing the proposals, the hospital authorizes the final selection and chooses a few companies, which are considered to be most suitable. The final purchase decision is made from these selections. In the private sector, tenders are not used. Normally, private hospitals select a small number of suppliers from whom they make direct purchases. Because of these procedures, foreign and U.S. companies are encouraged to have either a Spanish distributor or their own branch in Spain.

A requirement for most tenders is that the medical devices have the EC Mark. This mark became compulsory in June 1998. This requirement means that many products, which had been registered in previous years in Spain, when the EC Mark was non existent, now need to be reregistered following the new E.U. Directive. The registration can be done in any E.U. country, including Spain. The registration process has been reduced from 12-14 months to 6-8 months. Also, a positive improvement has been made in terms of payments by hospitals, which in the past had taken up to 18 months, and now which have been reduced to 6-8 months in most cases.

As a consequence of the development of the E.U. market and the implementation of the EC Mark, many U.S. companies have been centralizing their manufacturing and import operations into one single country from where they register and distribute their products to the rest of the E.U. This practice disguises real U.S. imports to Spain which are credited to the country from where distribution takes place. The market for medical products is expected to grow at an average of five percent over the next three years. The domestic industry is growing slowly and, as a result, cannot keep pace with growing demand. Consequently, domestic suppliers' share of the market is declining.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	1,880	1,975	2,050
B. Total local production:	330	345	350
C. Total exports:	90	100	110
D. Total imports:	1,640	1,730	1,815
E. Imports from the U.S.:	570	610	645
D. Exchange rate $1:	146	149	155

* The above statistics are unofficial estimates.

Rank of Sector: 6
Name of Sector: Electric Power Systems
ITA Industry Code: ELP

The most significant accomplishment in the power generation sector in Spain has been the implementation of Law 54/1997, which paves the way for electric liberalization. This law implements European Commission Directive 92/96 for the internal electric market, and was published in November 1997. It initiated the deregulation of Spain's power generation and distribution market. This new law establishes the freedom to build power generation facilities, creates a competitive electricity market, and sets a gradual time frame for the liberalization process, which began January 1, 1998. The process of de-regulation has brought major changes to the electricity sector. Currently, large consumers can shop around for electricity. The process will be complete in 2007, when every consumer will be permitted to buy electricity freely on the open market.

Although there is a surplus of power generation capacity in Spain, most of it is derived from expensive fuel-oil power plants. Electric utilities and independent power producers plan to construct up to ten natural gas combined-cycle power plants from 1998 to 2003. Total investments are estimated to reach USD 2 billion. This investment will surely increase demand for electric equipment from the U.S.

The value of the electric power generation and transmission equipment market totals an estimated USD 1.78 billion (this does not include power generation or distribution). Imports amount to an estimated USD 966 million.

Four large power generation companies, all of which are private, dominate the Spanish power market. However, three foreign firms already have plans to build power plants and over 20 non-Spanish companies have shown interest in entering the market as power marketers.

Electrical installations in Spain operate on 50-hertz cycles, while power is supplied to 125V and 220V (single phase) and 125V, 220V and 380V (triple phase).

Electrical equipment falls under HS code 8501 and has a tariff rate between 3.6 - 6.2 percent. There are no quotas or barriers on electrical equipment imported from the U.S. Although similar import duties apply for most renewable energy equipment, duties should be checked on a case-by-case basis.

Data: (All figures in USD millions)

	1997	1998*	1999*
A. Total market size:	2,030	2,170	2,278
B. Total local production:	1,600	1,700	1,785
C. Total exports:	230	250	262
D. Total imports:	660	920	966
E. Imports from the U.S.:	390	510	535
F. Exchange rate $1:	146	149	155

* The above statistics are unofficial estimates

Rank of Sector: 7
Name of Sector: Automotive Parts and Accessories
ITA Industry Code: APS

Spain currently ranks as the third largest automobile manufacturer in the E.U. with 2.2 million units, having surpassed the U.K. (with 2.0 million units), yet following France (with 2.3 million units) and Germany (with 5.1 million units). In 1998, industry reports indicated that Spain finished the year as the fifth largest automobile manufacturer in the world, surpassing Korea. Only the United States, Japan, Germany and France produced more automobiles than Spain in 1998.

In 1998, Spain produced 2.2 million automobiles, exported 1.8 million automobiles and saw 1.2 new registrations. It was a record-breaking year surpassed the historical market figures reached in 1989. As one of the world’s major automobile suppliers, it exports eight out of ten automobiles it manufacturers (to Europe and other parts of the world). In 1998, 5.6 percent of all automobiles manufactured in the world came from manufacturing plants in Spain.

As a result of its direct relation to the local automobile manufacturing industry and the increasing growth in sales within its local automobile market, the automotive parts and accessories sub-sector has experienced important changes and become one of the strongest and most dynamic sectors in the Spanish economy.

Four key factors will lead to strong demand for automobiles and automobile parts and accessories in the future: (1) The ratio of automobiles to drivers in Spain, which is lower than the E.U. average. The average number of automobiles for every 1,000 people in the European Union is 400. Spain has only 308 automobiles for every 1,000 people. This ratio is expected to increase until it nears the E.U. average. (2) The large quantity of old automobiles in circulation, which will require replacement parts. At present, Spain has more than 15 million automobiles in circulation, more than 60 percent of which are over five years old. On average, Spaniards renew their automobiles every eight to ten years. (3) The "Prever Plan", a government-sponsored program launched in April 1997 that gives automobile buyers who turn in their old automobile a $533 sales tax rebate on the purchase of a new automobile. It is expected that this plan will lead to a medium and long-term increase in the number of automobiles in circulation and in the demand and sale of auto parts and accessories. During the 1997-1998 period, it was estimated that approximately 200,000 automobiles came into circulation as a result of the "Prever Plan". (4) Lastly, Spain has fast become increasingly receptive to new distribution channels as opposed to traditional distribution channels. New distribution channels include auto repair service franchises, specialized service auto shops, hypermarkets, etc. The introduction of new types of outlets is causing the market to go through many changes, thereby creating new opportunities for automobile parts and accessories manufacturers, as well as for new products to enter the market.

Two additional factors that will contribute to growth and new opportunities in this market are the automobile manufacturing and/or assembly facilities in Spain (most major world automobile manufacturers are established in the country, including Ford and General Motors), which will bring in original automotive parts and equipment to assemble new vehicles; and the slow but growing tendency of Spanish end-users to conduct regular repair and maintenance services to their automobiles. Although both local and foreign competition is strong, U.S.-made products are held in high regard due to their high quality and durability.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	2,280	2,508	2,758
B. Total local production:	1,988	2,186	2,404
C. Total exports:	988	1,087	1,196
D. Total imports:	1,286	1,415	1,557
E. Imports from the U.S.:	156	172	189
F. Exchange rate $1	146	149	155

* The above statistics are unofficial estimates.

Rank of Sector: 8
Name of Sector: E-Commerce
ITA Industry Code: TES

The E-Commerce sector, although still in the early stages, is considered to be on the rise in the Spanish economy. It is generating a great amount of interest with activity accounting for approximately USD 23 million in revenue in 1998, an increase of 337 percent over the USD 5.3 million in revenue calculated for 1997. This amount is estimated at USD 66 million in 1999.

Large firms are taking the lead in the use of the Internet for sales to end-users. El Corte Ingles, a leading luxury department store chain that sells products from jewelry to furniture to car equipment, launched a major electronic commerce campaign in April. It estimates that it will soon be selling up to 70,000 products on the net. The first effort includes two virtual stores, a supermarket and a bookstore, with provision for additional virtual stores by the end of the year. The appearance of virtual malls with a tendency towards specialization and access to an unlimited buying public will encourage many smaller firms to offer their goods and services on the web.

In addition, virtual banking is booming and has been well-received by Spaniards. Spanish airline companies have begun to offer on-line services for air travel.

Yet, there is still a reluctance on the part of the vast majority of Spanish citizens as they face different traditional purchasing habits and a lack of confidence in the Internet. Of the 2.5 million users in 1998 with access to the Internet in Spain, only 20-30 percent made on-line purchases in 1998. The number is increasing, and shows that there are opportunities available in this market.

Despite reservations, commercial habits are expected to continue changing significantly in Spain over the coming years, not just because of the arrival of E-Commerce but also due to continuing economic and social evolution. It is estimated that E-Commerce sales may reach USD 300 million by the year 2000 and as much as USD 1.3 billion by 2001. Expectations in this area are impressive as all regular distribution firms and 50 percent of service companies will be selling their products via the Internet by 2002. Future growth will depend on the extent to which companies promote the use of the net and its numerous advantages and support provided by the Spanish government.

* Precise statistics are unavailable due to the widely varying numbers associated with this new market. For a more complete description of E-Commerce and Internet activities in Spain, consult the market research reports (IMI, ISA, etc.) generated by the U.S. and F.C.S. Office throughout Spain. These reports can be obtained from Export Assistance Centers throughout the U.S. or accessed through the National Trade Data Bank (NTDB) available through 19 federal depository libraries.

Rank of Sector: 9
Name of Sector: Aircraft and Parts
ITA Industry Code: AIR

The recent E.U. "open skies" policy has introduced competition into the Spanish air transport market. The liberalization of Spain's internal air transport system has resulted in increased demand which creates opportunities for U.S. manufacturers and distributors.

Also, the upcoming privatization of IBERIA plus the merge of AVIACO and BINTER into the same airline group is going to bring new opportunities for U.S. businesses.

Several new airlines have started operations since January 1994, with even more companies requesting airline licenses from the civil aviation authorities. This results in an increase on the total number of airplanes operating in Spain and a steady reactivation of the spare parts market. This trend is expected to continue to grow as the underdeveloped regional markets grow. Currently, local Spanish manufacturing suppliers are unable to meet the demands of production levels. These companies are forced to look to the international market for help. As a result, many Spanish sub-contractors are beginning to explore the possibility of international agreements to meet increased demand, offering excellent export opportunities for U.S. companies.

To decrease operating costs, several airlines are considering operational leasing from U.S. companies. This service market is expected to increase dramatically in the short term.

U.S. aircraft manufacturers face competition from domestic companies (small aircraft) and from Airbus, which is not a company, but a joint-venture of European companies.

Best prospects are for aircraft (HS 8801 & 8802) and parts (HS 8803). Duties levied on aircraft range from 0 to 7.7 percent. Parts range from 0 to 5 percent duty. Engine assembly (HS 8803.30) rates range from 0 to 4 percent.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	1,620	1,785	1,982
B. Total local production:	345	370	407
C. Total exports:	25	25	26
D. Total imports:	1,300	1,440	1,598
E. Imports from the U.S.:	1,000	1,010	1,060
F. Exchange rate $1:	146	149	155

*The above statistics are unofficial estimates.

Rank of Sector: 10
Name of Sector: Architectural/Construction/Engineering Services
ITA Industry Code: ACE

Completion of the Infrastructure Master Plan, which calls for a total investment of USD 147 billion, presents important opportunities for U.S. architectural/engineering services firms. Major projects to be completed by the year 2010, include: the massive refurbishment and revitalization of Spain's airport system, with special emphasis on Madrid's Barajas International Airport; seaport and coast refurbishment; railway network refurbishment and development, with emphasis on the development of the speed train network; and highway construction and maintenance. New and innovative techniques offered by U.S. firms are held in high esteem, but face strong competition from both domestic (Spanish engineering firms are large and internationally experienced) and foreign (mainly French and German) counterparts. It is advisable that U.S. firms enter this market sector in association with a well-established local firm.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	1,155	1,212	1,272
B. Total local production:	808	848	890
C. Total exports:	254	266	279
D. Sales by foreign owned companies:	624	655	687
E. Sales by U.S.-owned firms:	231	242	254
F. Exchange rate US$1	146	149	155

* The above statistics are unofficial estimates.

Rank of Sector: 11
Name of Sector: Organic Chemicals for the Pharmaceutical Industry

ITA Industry Code: IOC

The Spanish pharmachemicals industry is one of the chemical subsectors which experienced major market growth in 1997 (12 percent in peseta value; 1997 most recent year for which there are official statistics available). Within this industry, fine chemicals for the pharmaceutical industry did particularly well with a market growth of 20 percent. Imports of fine chemicals grew an unusual 60 percent as a result of the restructuring processes of multinational plants. Given the importance of Spain's pharmaceutical industry, the need for fine chemicals is expected to increase. Antibiotics and blood plasma are the two main imports. Spain is particularly deficient in human blood plasma, and a growth in imports is expected to continue.

Almost 50 percent of the market for organic chemicals for the pharmaceutical industry is produced domestically. The leading foreign supplier is the European Union, whose members hold a 50 percent share of the import market. In 1998, the U.S. supplied 19 percent of total imports. Other main suppliers are Switzerland (10 percent of imports), China (6 percent) and Japan (5 percent). That year, U.S. imports comprised about 8 percent of all imports of antibiotics (HS2941) and 37 percent of all imports of blood plasma and blood components (HS3002). U.S. exports to Spain of blood plasma and components represent the bulk (80-90 percent) of all U.S. exports of fine chemicals to this market. Imports from the U.S. are expected to grow an average of 15 percent (in peseta value) per year over the next two years.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	1,828	1,773	1,834
B. Total local production:	1,518	1,560	1,577
C. Total exports:	652	461	515
D. Total imports:	962	674	772
E. Imports from the U.S.:	106	129	142
F. Exchange rate $1:	146	149	155

* The above statistics are unofficial estimates.

Rank of Sector: 12
Name of Sector: Paper and Paperboard
ITA industry sector code: PAP

The paper industry is an important subsector within the Spanish chemical industry, one of the major sectors in Spain's economy. Paper production represents seven percent of the Spanish chemical industry. Spain is the fifth largest European market for paper and paperboard with a total estimated demand of 5.6 million tons and a growth rate of two percent.

The average expenditure per person for paper and paperboard in Spain reached 141 Kgs. in 1997. This is nearly three times the average world paper consumption per capita (estimated at 50 kgs. per person). The growth potential is still considerable, however, as 141 kgs. are far from the E.U. average of 180 kgs. per person.

The Spanish paper industry is the E.U. leader in the use of waste paper as raw material. Approximately 75 percent of fiber pulp used by Spanish paper mills comes from waste paper. In 1997, 2.3 million tons of waste paper was collected in Spain (10.8 percent over the amount collected in the previous year). This amount, however, is not sufficient to supply manufacturer's needs and 716,400 tons of waste paper had to be imported in 1997 to cover this demand.

Imports of paper and paperboard account for approximately 50 percent of the market. Spain imported 2,821 metric tons of paper (valued at approximately USD 2 billion) in 1997 (latest official figures). Finland is the main supplier as Finnish paper prices are extremely competitive and the quality of their products very high. Imports from the U.S. increased nearly 15 percent in dollar value between 1997 and 1998 (from USD 101 million to USD 116 million). Other major foreign suppliers are Germany, France and Sweden.

Best prospects are for Kraft liner (HS 4804), which averages 84 percent of U.S. exports of paper and paperboard to Spain and writing paper (HS 4810), which shows consumption rates growing at an average of seven percent per year during the last three years. Duties levied on paper range from 1.5 to 8.2 percent.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	3,071	3,392	3,351
B. Total production:	1,980	2,142	2,099
C. Total exports:	920	1,016	990
D. Total imports:	2,011	2,266	2,242
E. Imports from the U.S.:	101	116	119
F. Exchange rate $1:	146	149	155

*The above statistics are unofficial estimates.

Rank of Sector: 13
Name of Sector: Industrial Controls
ITA Industry Code: PCI

The industrial controls sector is expected to grow due to the increased use of automation by Spanish industry (Spain currently has an estimated 75 percent automation level out of an optimal level of 80 percent, as cited by industrial sources). Demand for industrial controls comes from all industrial sectors, specifically from the electrical, chemical and machine-tool sectors. Other areas of activity with good prospects for industrial controls are the automotive, food processing, utilities, pharmaceutical and pollution control industries.

The Spanish market for industrial controls offers excellent opportunities for U.S. firms in specialized and state-of-the-art equipment and services. Best prospects are in the areas of process controls and monitoring equipment (HS 9032 and HS 9026), remote control and measurement (HS 9032 and HS 9026) and machine tool control equipment (HS 9024 and HS 9031).

Approximately 80 percent of the market is served by local industry, while the main foreign suppliers are the U.S. (around 20 percent of total imports), and the E.U. countries, primarily Germany. The majority of the national firms in the sector are small to medium size firms, while international firms normally have larger facilities (the U.S. leads the ranking of foreign investors in the sector). Most of the imports go to automation components and parts, and equipment for automation.

Import duties for automatic instruments and apparatus is 3.7 percent if imported from the U.S. and other non-preferential countries (HS 9032). Similar import duties apply for most industrial related equipment, such as industrial instrumentation (3.7 percent, HS 9031), or meters (2.7 percent, HS 9028), but duties should be checked on a case-by-case basis.

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total Market Size:	1,516	1,559	1,574
B. Total Local Production:	1,218	1,256	1,271
C. Total Exports:	312	324	330
D. Total Imports:	610	627	633
E. Imports from the U.S.:	128	132	133
F. Exchange rates $1:	146	149	155

* The above statistics are unofficial estimates.

Rank of Sector: 14
Name of Sector: Computers and Peripherals
ITA Industry Code: CPT

After Spain's economic crisis in the first half of the 1990s, Spain's computer sector is recovering rapidly with large increases in the levels of production, exports and imports. The sector is growing due to an increased use of computers and new peripherals for businesses and a higher demand for home PCs (due to the use of the Internet and new multimedia applications).

The hardware market represents 51 percent of the total Spanish market for Information Technology, with an increase for 1999 estimated at nine percent. Most of the computer hardware market in Spain is comprised of central units, (61 percent of the total hardware market), while printing systems represent 16 percent of the market, hardware for communications nine percent and data storage systems six percent. The rest of the hardware market is composed of other peripherals (six percent), and parts and components (2.3 percent).

Estimates indicate that there are a total of 2.5 million PCs in use by businesses and 1.5 million in use by the private sector resulting in a total of four million PC units in Spain. In terms of manufacturers, Compaq has a 13.5 percent market share, IBM 13.1 percent, Hewlett Packard (HP) 10.3 percent, Dell 7.1 percent, Toshiba 5.3 percent, Packard Bell/NEC 5.3 percent and Inves (a national manufacturer) 5.1 percent.

Although official statistics indicate that 80 percent of IT products and services come from other European countries and only eight percent from the U.S., the majority of the imported computer hardware is either directly sourced from the U.S. or manufactured in Europe by a U.S. subsidiary. Regarding exports, 84 percent go to other countries in the E.U. and 11 percent to Latin America. Best opportunities are found in the business/industry segment, primarily in work stations and servers for small and medium size industries (HS 8471). The home sector is also expected to experience large growth thanks to the impressive development of the Internet and the market for CD-ROM readers for private use (HS 8471), modems (HS 8517) and multimedia PCs (HS 8471). There are also good opportunities in other segments such as laser printers, plotters, laptops and Palm-PCs (HS 8471).

Import duties for automatic data process machines range from 2.5 percent to one percent depending on the product, if imported from the U.S. and other non-preferential countries (HS 8471). Similar import duties apply for most related equipment, such as peripherals (one percent, HS 8471.80) or parts of this equipment (1.6 percent, HS 8473).

Data: (All figures in USD millions)

	1997	1998	1999*
A. Total market size:	3,038	3,218	3,362
B. Total local production:	1,322	1,412	1,480
C. Total exports:	1,072	1,145	1,210
D. Total imports:	2,788	2,951	3,092
E. Imports from the U.S.:	586	620	649
F. Exchange rates $1:	146	149	155

*The above statistics are based on unofficial estimates.

Best Prospects for Agricultural Products

Wheat and Grain By-Products
Oilseeds and Oilseeds By-Products
Forestry Products
Marine Fisheries Products
Consumer-Oriented Products
Edible Pulses
Tobacco
Pet Food
Bourbon

Name of Sector: Wheat

Boosted by a rapidly diversifying market for bakery products, we project Spain’s need for imported hard wheat to grow 5 percent annually through 2002. The U.S. currently has nearly half the market, while Canada is the other major supplier. However, lack of user recognition of the quality and uses of U.S. hard wheat currently hinders expansion of the U.S. market share. The U.S. only recently began again to ship wheat to Spain after the Margin of Preferences Agreement (MOP)was implemented in 1995, explaining the currrent lack of information about U.S. wheat. We believe that the U.S. can take advantage of the new opportunities provided by this Agreement and ship more wheat to Spain as millers and bakers become more familiar with the characteristics of U.S. hard wheat. Imports could be bolstered further if the duties established under the MOP were further reduced. With greater user recognition of the quality of U.S. wheat and lower import duties, Spain’s exports of U.S. wheat could grow to 7 percent annually and reach USD 48 million by 2002. Of course this projection depends upon market conditions, particularly U.S. prices relative to European and Canadian prices.

Data: Wheat **(1000 Metric Tons)**

	1997	1998	1999

A. Total market size	7,133	8,050	7,697
B. Total production	4,633	5,347	3,500
C. Total exports	800	600	200
D. Total imports	3,300	3,300	4,100
E. Imports from the U.S.	220	300	325
F. Exchange rate $1	146	149	155

(The above rates are based on unofficial estimates)

Name of Sector: Oilseeds and Oilseed By-Products

Due to projected growth in demand from the livestock sector, Spain's soybean imports are expected to grow two percent annually through 2002. A fundamental constraint in Spain's crushing industry, however, is the frequent development of oil surpluses, which reduces crushing margins and leads to the import of South American meal rather than U.S. soybeans. Domestic soybean oil consumption, therefore, should continue to be promoted. Soybeans are one of the most important U.S. exports to Spain and continued marketing efforts are required to sustain and build upon the excellent U.S. sales records in this market. The main competitors are Argentina and Brazil. There are no major import barriers since Spain is free to import whatever quantity dictated by the needs of the market.

Data: Oilseeds and Oilseed By-Products (1000 Metric Tons)

	1997	1998	1999
A. Total market size	4,656	5,282	5,032
B. Total production	1,616	1,578	1,302
C. Total exports	114	55	62
D. Total imports	3,157	3,759	3,792
E. Imports from the U.S.	1,843	1,826	1,776
F. Exchange rate $1	146	149	152

(The above rates are based on unofficial estimates)

Name of Sector: Forestry Products: Softwood Lumber

With steady growth in the housing and furniture manufacturing sectors, Spain's imports of softwood lumber are projected to grow 3.5 percent through 2002. Interior design, joinery in particular, millwork doors, windows and balconies are traditionally made from U.S. softwoods; therefore, demand for U.S. softwoods is closely linked to new housing construction and old home remodeling activities. This demand is currently rising due to the increased housing activity as well as flourishing furniture and door manufacturing sectors. Last year, Spain was the U.S.'s third largest market for softwood lumber, and the number one market for U.S. Southern Pine lumber. While U.S. market share has increased steadily in recent years, now accounting for about two-thirds of the market, further promotional and product information dissemination activities are required to maintain and increase the U.S. market share. With increased marketing as a variable, forecasts show that Spain's U.S. softwood lumber imports could grow 4 percent annually and reach USD 103 million by 2002. Major competitors include Canada, other E.U. countries and other Northern European countries. There are no major barriers to importing lumber.

Data: Forestry Products: Softwood Lumber (1000 Cubic Meters)

	1997	1998	1999
A. Total market size	3,250	3,300	3,340
B. Total production	2,100	2,100	2,100
C. Total exports	35	50	50
D. Total imports	1,185	1,250	1,290
E. Imports from the U.S.	150	151	155
F. Exchange rate $1	146	149	155

(The above rates are based on unofficial estimates)

Name of Sector: Forestry Products: Temperate Hardwood Lumber

Due to expectations for continued growth in the furniture and door manufacturing industries as well as to increased housing construction activity, we forecast Spain's hardwood lumber imports to grow 3.5 percent through 2002. The demand for U.S. hardwoods is also closely linked to new housing construction and home remodeling as interior design, flooring, and millwork doors in particular, are important uses of U.S. hardwoods. Other major uses include furniture manufacturing and production of wine barrels with oak staves, an industry, which is also booming. Last year, Spain was the seventh most important U.S. market for U.S. hardwood, the number one market for U.S. oak, and ranked third in hardwood veneer imports. The U.S. market share has increased in recent years; the U.S. now holds about a third of the total hardwood lumber market. However, the market share can be expanded further and an import growth rate of 4 percent per year can be achieved with increased overall market promotion efforts. Major competitors include France, Germany and Canada.

Data: Forestry Products: Temperate Hardwood Lumber (1000 cubic meters)

	1997	**1998**	**1999**
A. Total market size	1,055	1,110	1,115
B. Total production	650	650	650
C. Total export	20	20	20
D. Total imports	425	480	485
E. Imports from the U.S.	150	183	180
F. Exchange rate $1	147	149	155

(The above rates are based on unofficial estimates)

Name of Sector: Marine Fisheries (Hake - Lobster - Wild Salmon - Squid - Surimi)

Spain is one of the world's largest seafood consumers, with a per capita consumption of around 42.6 kilos. While consumption may decrease slightly in the future, Spain will continue to be a leading seafood market importer. With current imports of nearly USD 2 billion per year, this market holds vast potential for U.S. exporters. Furthermore, because Spain's allowable catches will decrease in the future, we project Spain's seafood imports to grow 7 percent annually through 2002. The U.S. coastline offers several different seafood products that could be exported to Spain, and we believe that through increased promotional efforts, U.S. seafood exports to Spain could grow 8 percent annually through 2002. Competition for this market will be fierce, however, as our current less than one percent market share indicates. The principal competitors are other E.U. member states, Argentina, Africa, Central and South America, and other European countries. No major import barriers exist for seafood products.

Data: Marine Fisheries Products **(1,000 Metric Tons)**

	1997	1998	1999
A. Total market size	1,673	1,588	1,524
B. Total production	1,219	1,189	1,164
C. Total export	534	668	690
D. Total imports	988	1,067	1,050
E. Imports from the U.S.	16	30	33
F. Exchange rate $1	146	149	152

(The above rates are based on unofficial estimates)

Name of Sector: Consumer Oriented Products

One of the most notable features of Spanish market is the importance of the tourist industry to the national economy. Despite a resident population of 39.8 million, Spain attracted over 70 million visitors in 1998, achieving the record as the world's second most popular destination in tourism.

The Mediterranean beach areas and the Balearic Islands are the most popular tourist resorts, and the Canary Islands are an especially attractive winter tourist region. Most tourists come from northern Europe, with a very high percentage coming from Germany, the United Kingdom and France, many of whom still prefer to adhere to their usual dining and drinking habits while enjoying their vacations in Spain.

These demographics have resulted in a significant increase in the demand for high-value and consumer ready products from restaurants and institutions such as hotels during the summer months. This sector is the fastest growing food sector in Spain and U.S. exports have only begun to scratch the surface. Spain's own tremendous domestic production capacity coupled with the major Northern European member states' exporters form the basis for most of the competition for U.S. exports to Spain. In this sector, the U.S. achieved record sales in 1999; there was a drop in 1997 due to the strong dollar and weak Peseta, which picked up again in 1998. In 1999, the upward trend is expected to continue for most of these products. Major barriers to trade in these products include labeling laws, standards and the high cost of importing these products. However, there is a niche market for many of these products, such as snack items, sunflower seeds, peanuts, walnuts, etc which makes the effort worthwhile.

	1997	**1998**	**1999****
Consumer-Oriented Totals	126,161	169,933	-
Snack Foods (Excl Nuts)	6,251	3,813	-
Breakfast Cereals & Pancake Mix	310	409	-
Red Meats,(fresh,chilled,frozen)	2,574	1,454	-
Red Meats (prepared/preserved)	26	117	-
Poultry Meat	1,650	296	-
Dairy Products	573	531	-

Eggs and Products	599	837	-
Fresh Fruit	36	7,290	-
Fresh Vegetables	3,632	4,928	-
Processed Fruit and Vegetables	7,777	6,886	-
Fruit and Vegetable Juices	197	591	-
Tree Nuts	78,957	111,074	-
Wine and Beer	1,081	1,107	-
Nursery Products and Cut Flowers	762	4,107	-
Pet Foods (Dog and Cat)	15,523	22,663	-
Other Consumer-Oriented Products	6,173	7,829	-
Exchange Rates:	146	149	-

Source: United States Census Data
**Figures for 1999 not available

Name of Product: Edible Pulses (Dry Beans and Lentils)

As a result of expected further declines in domestic production, FAS/Madrid projects Spain's pulse imports to grow 6 percent through 2002. Currently holding about 20 percent of the market, the U.S. faces stiff competition from other suppliers, namely Canada, Argentina, Chile, and Turkey. To keep pace with the expected growth in the overall legume demand and to hold market share, the U.S. will need to maintain and strengthen ties with importers and canners and highlight the quality of U.S. legumes. In addition, in the case of lentils, the availability of competing local supplies would be further reduced if the U.S. could secure a reduction in the E.U.'s direct payments. With lower incentives for local production, and, more importantly, strengthened relationships with the local trade, we predict Spain's U.S. pulse exports will grow 6 percent annually through 2002 and reach USD 26 million.

Data: Edible Pulses (1000 Metric Tons)

	1997	1998	1999
A. Total market size	254	260	255
B. Total production	115	104	100
C. Total exports	10	17	10
D. Total imports	174	156	160
E. Imports from the U.S.	33	36	38
F. Exchange rate $1	146	149	155

(The above rates are based on unofficial estimates)

Name of Product: Tobacco

No Country Promotion Plan for Tobacco.

	1997	1998	1999*
A. Total market size	65	65	-
B. Total production	35	35	-
C. Total exports	23	23	-
D. Total imports	54	54	-
E. Imports from the U.S.	19	19	-

F. Exchange rate $1	146	149	155

(The above rates are based on unofficial estimates)
* Statistics not available for 1999.

Name of Product: Pet Food

Spain's imports of U.S. pet food have risen dramatically in recent years, more than doubling between 1992 and 1996, reaching another record in 1998 with USD 22.6 million. The rapid expansion of the market is attributed to a combination of sociological and animal health issues. In addition, U.S. pet food raw materials are relatively inexpensive. Owning a pet, particularly registered large-breed dogs, has become something of status symbol in Spain, especially in urban areas. Encouraged by rising incomes and an expanding middle class in the major cities, FAS/Madrid expects this practice to continue and projects Spain's need for imported pet food to grow 6 percent annually through 2002. The U.S. currently has nearly 55 percent of the market with the other major supplier being Japan. However, lack of user recognition of the quality of U.S. pet food currently hinders expansion of U.S. market share. With greater user recognition of the quality of U.S. pet food, generated through targeted promotional campaigns, FAS/Madrid projects Spain's exports of U.S. pet food to grow 7 percent annually and reach USD 27 million by 2002. The E.U.'s adoption and implementation of the "Equivalency Agreement" will facilitate achieving this growth rate. Chief competitors are other E.U. member states.

Data: Pet Food (In Thousands of USD)

	1997	1998	1999*
A. Total market size	NA	NA	-
B. Total production (tons)	201,000	203,000	-
C. Total exports	31,305	32,000	-
C. Total imports	104,470	104,000	-
E. Imports from the U.S.	15,523	22,663	-
F. Exchange rate $1	146	149	155

(The above rates are based on unofficial estimates)
* Statistics not available for 1999.

Name of Product: Bourbon

Since 1988 Bourbon exports to Spain have tripled and further growth is expected due to changing demographics and shifting beverage consumption patterns. At present, most Bourbon consumers are below 30 years of age and have lower than average incomes. FAS/Madrid believes that by maintaining this younger generation market sector and also by edging into the demand among elderly higher-income consumers, who are drinking less wine, U.S. bourbon can obtain a greater share of Spain's overall alcoholic beverage market. Principal competitor products are local wines and scotch and appropriate targeted promotional efforts are winning over many new customers.

Data: Bourbon (In Thousands of USD)

	1997	1998	1999
A. Total market size	NA	NA	NA

B. Total production	0	0	0
C. Total exports	0	0	0
D. Total imports	28,637	26,715	28,500
E. Imports from the U.S.	18,878	15,750	19,500
F. Exchange rate $1	146	149	155

(The above rates are based on unofficial estimates)

VI. TRADE REGULATIONS AND STANDARDS

Trade Barriers, Tariffs, Non-Tariff Barriers and Import Taxes

Spain has not charged tariffs to the E.U. countries since January 1, 1993, while third-country goods, including those from the United States and Japan, are charged the E.U.'s Common External Tariff. Since 1988, Spain has used the Harmonized System of tariff nomenclature for applying duties. U.S. goods are taxed according to the standard E.U. duty rate.

Spain has adhered to the GATT code since 1963. In December 1994, Spain ratified adherence to the Marrakesh accord, which concluded the Uruguay Round of international trade negotiations and established the World Trade Organization.

For agricultural products, import documentation and tariffs are exactly the same as for other E.U. countries. While some agricultural commodities are duty free or subject to minimal duties, such as soybeans, sunflower seed, corn by-product, and lumber, the great majority of agricultural products covered by the E.U.'s Common Agricultural Policy (CAP) and food products are subject to high duties or variable import levies which significantly restrict access to the Spanish market.

In 1993, during the Uruguay Round negotiations, the E.U. committed to continue the compensation it had been providing to the United States since 1987 for Spain's accession to the E.U. The E.U. had owed the United States compensation due to Spain's breach of its GATT tariff binding on imports of corn and sorghum when Spain joined the CAP. The compensation came in the form of minimum import commitments for corn and sorghum, as well as tariff reductions on about 25 products.

Non-tariff barriers have been identified in the audiovisual and intellectual property areas. Spain has a system of screen quotas and "dubbing licenses" which increase costs and limit access of U.S. film distributors. However, recently approved regulations to Spain’s film law have limited the adverse impact of these regulations. Piracy of audiovisual products, principally through unregulated "community video" cable television networks, and of computer software are of concern here.

Customs Regulations/Tariff Rates/Import Taxes

Spanish customs values shipments at C.I.F. prices. For U.S. products, the tariff rate averages five percent. All shipments must be cleared through Customs by a registered customs agent. Usually, total costs to clear customs are between 20-30 percent of the shipment's C.I.F. value. This includes tariffs, value added tax (16 percent), custom agent, and handling fees.

Import Licenses

The E.U. accession agreement requires that Spain transform its structure of formal and informal import restrictions for industrial products into a formal system of import licenses and quotas. While Spain does not enforce any quotas on U.S.-origin manufactured products; it still requires import documents, which are described below. Neither of the following documents constitute a trade barrier for U.S.-origin goods.

Import Authorization: (Autorizacion Administrativa de Importacion, AAI) is used to control imports which are subject to quotas. Although there are no quotas against U.S. goods, this document may still be required if part of the shipment contains products or goods produced or manufactured in a third country. In essence, for U.S.-origin goods, the document is used solely for statistical purposes or for national security reasons.

Prior notice of imports: (Notificacion previa de importacion) is used for merchandise that circulates in the E.U. Customs Union Area, but is controlled for statistical purposes only. The importer must obtain the document and present it to the General Register.

Importers apply for import licenses at the Spanish General Register of Spain's Secretariat of Commerce or at any of its regional offices. A commercial invoice that includes freight and insurance, the C.I.F. price, net and gross weight, and an invoice number must accompany the license application. Customs accepts commercial invoices by fax. The license, once granted, is normally valid for six months but may be extended if adequate justification is provided.

Goods that are shipped to a Spanish customs area without proper import licenses or declarations are usually subject to considerable delay and may run up substantial demurrage charges. Prior to making shipments, U.S. exporters should ensure that the necessary licenses have been obtained by the importing party. Also, U.S. exporters should have their importer confirm with Spanish customs whether any product approvals or other special certificates will be required for the shipment to pass customs.

Export Controls

Spain was a member of COCOM from 1985 on and is now a participant in the "Wassenaar Arrangement" that replaced COCOM. Spain is also a member of the Australian Group for Chemical Products Controls and a signatory of the Chemical Weapons Convention which became effective in 1995.

Export controls are regulated by Organic Law 3/1992 and Royal Decree 824/1993. The Royal Decree is still in effect and establishes that both the regulations and the COCOM lists are applicable, as well as the procedures that follow.

Import/Export Documentation

Several different forms of documentation may be required for shipments to Spain. Exporters are required to present one commercial invoice, one bill of lading, and three copies of a certificate of origin for all shipments. Other certificates are necessary for exporting pharmaceutical goods, perishable foods, live animals and some medical goods.

Sanitary Certificates:

U.S. Animal and Plant Health Inspections certificates are required from the U.S. Animal and Plant Health Inspection Service (APHIS) for the importation of living plant material, including plants, plant products, and seeds, into Spain. Health inspection requirements also govern the importation of animals and parts of animals, including meat products, skins, hides, and similar products, marine mammals, fish, crustaceans, or mollusks and parts thereof.

Spanish regulations are subject to the provisions of the Spanish Ministry of Agriculture. Inspections are usually carried out in local offices of the APHIS, which are located in major U.S. ports and airports. Export agents or brokers may present products for inspection. Airlines may handle the inspection of air shipments.

Pharmaceutical Certificates:

These certificates are required by Spanish Customs for drugs and certain sanitary items. A standard analysis bulletin issued by the manufacturer, listing the product composition, is acceptable for customs purposes.

Other certificates:

Sea vessels require a certificate of compliance from the Marine Authority (Ministry of Transport) to bring ships into Spain. In order to acquire this certificate, the manufacturer has to demonstrate the sea-worthiness of the vessels. The National Marine Manufacturers Association issues a sea-worthiness affidavit that is accepted by the Spanish authorities for the certificate of compliance.

Fines and Penalties:

Regulations establish fines for whatever actions delay the normal customs procedure. Fines are not very large, usually around USD 30 or USD 40. These, in and of themselves, do not include fraudulent actions.

Anti-Dumping and Countervailing Duties:

As a signatory to the Anti-Dumping and Countervailing Duty Codes of the GATT, Spain, through the E.U. Anti-Dumping Committee, penalizes products imported at less than their normal value, which cause injury to domestic industry. The anti-dumping duty will be the difference between the dumped price and the comparable domestic price of the exported product. The duration of the countervailing duty imposition varies from case to case and the duty imposed currently ranges from five to 33 percent.

Temporary Entry

The Spanish re-export system is regulated by Order of July 24, 1987, conforming to E.U. regulations. Re-export inquiries must be addressed to the Port's Customs Director. Re-exports of U.S. goods from Spain follow the same procedures as the exportation of Spanish products. Goods re-exported to other E.U. member states are subject to statistical surveillance.

Re-exports outside the E.U. which are not covered by specific E.U. regulations are exported with an accompanying Customs Export Declaration at the exit point. A limited number of goods require a Prior Notice of Export.

Exporters of high-technology goods subject to U.S. export control procedures must ensure that Spanish clients and subsidiaries are aware of U.S. export controls requirements.

There are four types of procedures for handling the re-export of goods:

1) **Temporary Imports**: Goods imported for a limited time period under an ATA carnet. A bank guarantee in the form of a bond equivalent to duties owed must be provided to Customs, which will be refunded once the goods leave the country.

2) **Temporary Admission**: Goods which will be incorporated into a final product for export. Prior approval by the State Secretariat of Commerce is necessary. The same procedure used for temporary imports applies for re-export.

3) **Replacement Goods**: Companies with continuing needs for primary materials, commodities, or intermediates can request prior approval from the State Secretariat of Commerce for replacement goods after the second year of operation. They must deposit a bond with Customs on the compensatory tax only. Replacements for defective goods destroyed under Customs supervision are also admitted duty-free, but require extensive supporting documentation.

4) **Drawback**: Duties are paid simultaneously with a presentation of a list of products to be re-exported in the future. Later, a rebate is given upon customs clearance out of Spain. This procedure also requires prior approval by the State Secretariat of Commerce.

Companies are advised to use the carnet procedure to temporarily bring goods into Spain for demonstration purposes without paying duties or posting bond. The carnet must be presented to the customs authorities whenever entering or leaving the country. Consumable items and give-away samples are not included under carnet procedures. ATA carnets are predominantly used for commercial samples, tools of trade, advertising material or cinematographic, audio-visual, medical, scientific, or other professional equipment that will be imported for a period of less than a year. The advantage of the ATA carnet is that it allows exporters to avoid normal customs clearance formalities. The carnet also provides a financial guarantee to foreign customs officials so that, if the goods are not re-exported, the duty will be paid. A bond equivalent to the duty is charged.

The ATA carnet is used internationally and should be distinguished from the E.U. carnet, sometimes referred to as the ESC carnet. Introduced in July 1985, the E.U. carnet is used for the temporary movement of certain types of goods, usually equipment and working materials, between E.U. countries. Unlike the ATA carnet, it does not require the posting of a bond.

Carnet applications are available from all district offices of the U.S. Department of Commerce, most U.S. chambers of commerce, and authorized export insurance companies. They are also issued by the U.S. Council of the International Chamber of Commerce in New York.

Advertising material, catalogs, price lists, and similar printed items are admitted duty free. However, to avoid any problems such items should always be labeled, "no value". Otherwise, a customs duty is likely to be levied on the sample.

As a signatory to the International Convention to Facilitate the Importation of Commercial Samples and Advertising Matter, Spain admits samples of negligible value duty free. Those items that are of commercial value and not covered under carnet procedures may be imported for up to a year by business people upon payment of a bond. Upon presentation of the customs receipt and at re-export, the deposit is refunded.

Qualifying business people entering with commercial samples should come equipped with a letter from his or her principals attesting to their status, identifying the samples, and certifying that the samples are not for sale. The letter should be certified by the nearest Spanish Consulate.

Labeling, Marking Requirements

In view of the complexity and rapid change in marking, labeling, and testing requirements in Spain, U.S. exporters should request pertinent instructions from their importers prior to shipment.

The following are specific categories of goods, for which marking, labeling, and/or testing requirements are applicable:

Foodstuffs: The Directorate General of Health sets human consumption standards for the preparation, residual content, and storage media for virtually all classes of foodstuffs. The labels on the container must include the product designation, a list of ingredients, the weight or volume, dates (manufacturing, packing, minimum shelf life, and expiration dates), directions for food preservation (if applicable), identification of the firm involved (manufacturer, packer, or importer), and the country of origin. If the original label is not in Spanish, a similar one must be prepared in Spanish, firmly affixed to the container. Milk products, margarine, chocolate, and soaps have other, more technical labeling requirements. Wines and other alcoholic beverages must meet Spanish standards.

Textiles: Customs and point-of-sale regulations require that all textile goods and ready-made clothing have a Spanish label. Standard Spanish textile nomenclature and content requirements must be stated on the label. Requirements relating to textile content, labeling, and packaging are specific and extensive. They are regulated by Royal Decree 928/1987, dated June 5, 1987. Manufacturers' trademarks, duly registered, are permitted on textile products.

Drugs, Pharmaceutical, and Cosmetics: These goods are subject to technical inspection and registration by the Directorate General of Health prior to entry. There are also detailed marking and labeling requirements, somewhat similar to those for foodstuffs, but which include detailed chemical composition.

Fertilizers and Fungicides: Imported fertilizers must be registered with the local Agriculture Ministry Office. Inspection and analysis will be performed prior to customs clearance. All printed advertising and publicity materials must be approved by the Ministry of Agriculture, and labels must be in Spanish and include detailed precautions.

Firearms: All firearms must be cleared by the Spanish government and bear a stamp of certification.

Metals: The Spanish Guarantee Bureau provides assay services and affixes its hallmark for all imported precious metals.

Motor Vehicles: Each vehicle will be inspected for engraved serial numbers on both the engine and chassis. If one of these is not available, Spanish customs levies a special charge for stamping the number.

Tires and Tubes: All tires and inner tubes must be marked with a serial number.

For agricultural products, labeling requirements are fully harmonized with the E.U. labeling system, however, the labels must be in Spanish.

Eco-labels:

In March of 1992, the E.U. Council approved law 880/92, establishing a community-wide system for granting Eco-labels (green label) to products that voluntarily satisfy environmental standards.

The E.U.'s objectives for setting up a system for issuing green labels are twofold. The labels inform consumers of products that are environmentally safer than others in all aspects of a product's life-cycle. Furthermore, they improve the design, production, and marketing as well as increase the use of products that have low or non-adverse effects on the environment, and that use natural resources wisely.

The E.U. hopes that these objectives will increase the standards of health, security, and the condition of the environment of the E.U. countries. Products imported into the E.U. that wish to obtain a green label must follow the same strict criteria as E.U. members.

Spain's participation in the E.U. Eco-labeling program was established by Royal Decree in April 1994.

Prohibited Imports

Spanish regulations ban the import of illicit narcotics and drugs. They also set up very restrictive regulations for imports of explosives, fire weapons, defense equipment and material, tobacco, and gambling material. Furthermore, the government highly restricts the import of many types of pharmaceutical products.

E.U. regulations on hormones ban most U.S. beef and beef products from entry into the E.U. In addition, E.U. health regulations on live cattle ban U.S. high genetic cattle imports. These regulations have recently been successfully challenged by the U.S. at the World Trade Organization.

Standards

At present, there are no requirements for either ISO 9000 certification or its E.U. equivalent. Nonetheless, demand for products that meet these standards is growing.

Spain has established specific certification for certain products. This certification procedure is referred to as "homologation" and involves cumbersome product testing by approved laboratories. Although most of the local homologation requirements and testing standards are gradually disappearing as Spanish legislation conforms to E.U. directives, certain homologation and other special requirements remain for some products.

Generally, a product that meets the standards and certification requirements of any other E.U. country can be imported and sold in Spain without further testing. Spanish homologation requirements remain in force for computer keyboards and screens, dot matrix printers, teleprinters, medical equipment, electric typewriters, telecommunications equipment, motor vehicles, bicycles, pleasure boats, gas connectors, etc.

Applications for homologation are processed by the Ministry of Industry and Energy and by the Ministry of Development, which handles Transport and Telecommunications. These national standards will be phased out as E.U. norms take effect.

The Spanish Standards Certification Association (AENOR - Asociacion Española de Normalizacion y Certificacion) is responsible for developing voluntary standards and certification programs. It represents Spain in international standards institutions. The Spanish government publishes a list of approved laboratories for testing and certification each year.

Electrical products which operate in a range of 50 to 1,000 volts alternating current or 75 to 1,500 volts direct current have to meet the E.U. low voltage directive. There are three accepted forms of proofs of conformity with this regulation: a mark issued by an authorized E.U. agency; a certificate issued by an approved E.U. authority; or a declaration issued by the manufacturer. In the latter, the manufacturer self-certifies that the product, manufactured with good engineering practices, will not endanger the safety of persons, domestic animals, or property when properly installed and maintained and used in applications for which it was made.

Spain now allows the entry of used equipment, material, and goods. However, they are subject to the same standards concerning safety as apply to any new import. Additionally, there may exist regulations specific to the particular type of equipment, such as computers and peripherals, that is being imported.

Free Trade Zones/Warehouses

There are three different customs regulations in Spain. The E.U. common customs apply to the mainland and Balearic Isles. The Canary Islands, previously a customs-free area, is undergoing a transition period to meet E.U. customs regulations. There is a customs-free trade area in the two northern Africa enclaves of Ceuta and Melilla, which are under Spanish sovereignty.

Both in the mainland and islands there are numerous free trade zones (in most of Spanish airports and sea ports) where manufacturing, processing, sorting, packaging, exhibiting, sampling, and other commercial operations may be undertaken free of any Spanish duties or taxes. The largest free trade zones are in Barcelona, Cadiz and Vigo. Others vary in size from a simple warehouse to several square kilometers. Spanish customs legislation allows for companies to have their own free trade areas. Duties and taxes are payable only on those items imported for use in Spain.

Special Import Provisions

Goods are cleared by customs agents or brokers who handle the necessary formalities on behalf of the importing firm or individual. A bill of lading, an original invoice with a copy, a certificate of origin, and an import declaration are required for most clearances through Customs for products which will remain in Spain.

Import declarations are made at the State Secretariat of Commerce or its branch delegations in major port cities throughout the country. Declarations must use the exact terminology of the tariff classification under which the goods are being imported. A three-month grace period is allowed for U.S.-origin goods arriving without proper documentation, subject to a written guarantee by the customs agent.

Goods in transit need only be listed on the vessel or aircraft manifest and do not have to be unloaded. Transit goods may also be unloaded for shipment to a Customs-approved warehouse prior to reshipment from Spain or to another customs house in Spain for declaration or further reshipment.

Membership in Free Trade Arrangements

Spain has been a member of the European Union since 1986, allowing for free trade with fellow members: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Sweden, and the UK. The European Union's European Economic Area Agreement in turn provides a high level of mutual market access with the European Free Trade Association states (Iceland, Liechtenstein, Norway, and Switzerland).

Customs Contact Information

Agencia Estatal de Administracion Tributaria:
Departamento do Aduanas e Impuestos Especiales
Calle Guzman el Bueno, 137
28003 Madrid
Phone: 34-91-554-3200
Fax: 34-91-533-5242/553-6189
Website: http://www.aeat.es

VII. INVESTMENT CLIMATE

Openness to Foreign Investment

The Spanish government is interested in attracting new foreign investment to modernize the economy. It has created new regulations for investment and foreign exchange to make the country more attractive to investors. Spanish law permits foreign investment of up to 100 percent of equity, except in a few strategic sectors. Capital movements have been completely liberalized.

The 1991 Budget Act (law 31 of December 27, 1990), established that E.U.-resident companies receive the same treatment as Spanish companies in strategic sectors (national defense, radio and TV broadcasting, air transportation, and gambling). Previously, non-Spanish companies required prior authorization from the Executive for investments in these areas and some foreign ownership ceilings existed. Most of these barriers were lifted, except for investment by foreign investors in munitions companies and telecommunications services, which still require prior authorization. At the World Trade Organization negotiations on Basic Telecommunications Service, Spain agreed to open this sector on a reciprocal basis to foreign competition by November 30, 1998. In compliance with the agreement, the telecommunications sector was opened on December 1, 1998.

On February 1, 1992, royal decree 1816/1991 eliminated remaining foreign exchange and capital controls. This legislation provides complete freedom of action in financial transactions between residents and non-residents of

Spain. Previous requirements for prior clearance of technology transfer and technical assistance agreements were eliminated. The liberal provisions of this law apply to payments, receipts, and transfers generated by foreign investments in Spain.

The adoption of royal decree 671/1992 on July 2, 1992 reduced the types of foreign investment requiring previous government authorization. At present, authorization is only required in the following cases:

* Direct investments over 500 million pesetas if the foreign holding exceeds 50 percent of the capital stock of the Spanish company;
* Certain forms of investments made by parties in tax havens;
* Real estate investments in rural land, urban land or business premises if the investment exceeds 500 million pesetas; and
* Various forms of joint investments which exceed 500 million pesetas.

Under the new regulation, previous authorization for all forms of portfolio investments has been eliminated.

After the investment is made, the law establishes that it must be registered. Registration requirements are simple and straightforward, except in sectors subject to special consideration. The aim is to verify the purpose of the investment. This procedure does not block any investment.

The law regulates specific safeguards for investments. Some believe that such safeguards are not in Spain's best interest due to the size, nature of investment, and the financial aspects of investments. Depending upon the size of the investment, either the Minister of Economy or the Council of Ministers will invoke these safeguards.

This regulation brings Spain in line with E.U. directive 88/361 which classifies investors according to residence rather than nationality. However, E.U.-resident companies will not be exempt from existing authorization requirements if a non-E.U. resident controls them, directly or indirectly. There is effective control if the non-E.U. resident holds more than five percent of the E.U. company's equity or directly participates in the firm's management.

Conversion and Transfer Policies

There are no controls on capital flows. Capital controls on the transfer of funds outside of the country were abolished in 1991. Remittances of profits, debt service, capital gains and royalties from intellectual property can all be affected at market rates using commercial banks.

Expropriation and Compensation

Spanish legislation sets up a series of safeguards that almost prohibit the nationalization or expropriation of foreign investment. No expropriation or nationalization of foreign investment has taken place recently.

Dispute Settlement

Legislation establishes mechanisms to solve disputes if they arise. The Spanish judiciary system is independent from the executive. Therefore, the government is obliged to follow court rulings. Judges are in charge of prosecution and criminal investigation, which permits greater independence. The Spanish prosecution system allows for successive appeals to a higher

Court of Justice. The European Court of Justice hears the final appeal. In addition, the Government of Spain abides by some of the rulings of the International Court of Justice, at The Hague.

Political Violence

The Government of Spain is involved in a long-running campaign against Basque Fatherland and Liberty (ETA), a terrorist organization founded in 1959 and dedicated to promoting Basque independence. ETA regularly targets Spanish government officials, members of the military and security forces, and moderate Basques for assassination. The group has carried out many bombings against Spanish government facilities and economic targets. In recent years, the Spanish government has had more success in controlling ETA due to increased security cooperation with French authorities.

Another smaller leftist terrorist group called GRAPO occasionally acts against government interests.

Performance Requirements/Incentives

Performance requirements are not used to determine the eligibility or level of incentives granted to investors. A range of investment incentives exist in Spain, and are provided according to:

* the authorities granting incentives; and
* the type and purpose of the incentives.

Authorities that provide incentives in Spain:

The European Union:

The European Union provides incentives in the form of subsidies in general development programs such as FEDER and F.S.E. FEOGA- Guarantee. They also provide programs targeting specific sectors such as SPRINT, JOULE, VALOREM, ESPRIT, DRIVE, BRITE-EURAM, ECLAIR, COMETT II, STAR, etc. The Government of Spain manages these incentives locally.

The central government:

The central government grants these incentives out of its annual budget. Usually, these incentives match E.U. financing. Central government incentive programs are easily available for direct investment plans. Both the Ministry of Industry and the Ministry of Economy play active parts in granting the incentives.

The Foreign Investment Department, under the Ministry of Economy, counsels new market investors in the application for government incentives. The Ministry of Industry's sector-related departments negotiate directly with the old market investors to inform them of incentives available for new investment.

The regional government:

Regional governments, called Autonomous Communities, also maintain specific programs to attract investment, which are often designed to complement central government incentives.

Municipal aid:

Municipal corporations offer incentives to direct investment by facilitating infrastructure needs, granting licenses, and allowing for the operation and transaction of permits. Usually they are designed to help ease the initial operations of direct investment.

Generally, the regional governments are responsible for the management of each type of investment. This provides a benefit to investors as each autonomous community has a specific interest in attracting investment that enhances its economy.

Types of incentives available:

* Financial subsidies
* Exemption from certain taxes
* Preferential access to official credit
* Reduction of burdens, with social security discounts to companies
* Bonuses for acquisition of certain material
* Customs exemption for certain imported goods
* Real estate grants, and gratuitous or favorable land grants
* Guarantees granted in credit operations
* Loans with low interest, long maturities, and grace periods
* Guarantee of dividends
* Professional training and qualification
* Indirect aid by means of supplying infrastructure facilities (accesses, services, communications, etc.)

Incentives from national, regional, or municipal governments and the E.U. are granted to Spanish and foreign companies alike without discrimination.

Right to Private Ownership and Establishment

The Constitution protects private ownership. Spanish law establishes clear rights to private ownership. Except for some limitations in "strategic" sectors (national defense, radio and television broadcasting, air transportation, and gambling), foreign firms receive the same legal treatment as Spanish companies.

Competitive equality exists between public and private firms with respect to local access to markets, credit, licenses and supplies. Foreign firms have participated in the privatization process on equal footing with Spanish buyers.

Protection of Property Rights

Spanish law protects property rights with enforcement carried out at the administrative and judicial levels. Any decision, by the Administration, pertaining to property rights, can be appealed first at the administrative level and then at the judicial level, which has three levels of court appeals. Property protection is effective in Spain, although the system is slow. Certain property rights, because of their complexity, are more difficult to protect than others, i.e., intellectual property rights.

Public and private sector enforcement actions (especially private sector initiatives), using Spain's new patent, copyright, and trademark legal framework, have greatly increased the number of criminal and civil actions taken against intellectual property pirates. Overall, Spain's illegal market for videos, records, and tapes has declined sharply. In 1984, according to trade association sources, illegal videos, records, and tapes made up 50 percent of Spain's market. In 1994, according to the same source, illegal products in this market declined to 5 percent.

Spain's annual video cassette retail market, which is heavily dominated by U.S. production, is estimated at USD 200 million. Currently, pirated video cassettes represent only 25 percent of the market compared to 85 percent five years ago. Trade associations attribute this decline to the application of Spain's new intellectual property laws, particularly successes in some criminal cases, and more efficient policies.

Despite overall improvement, software piracy remains a serious problem in Spain; the Business Software Alliance (BSA) estimates that 73 percent of PC software in use has been copied illegally. An amendment to the law in December 1993 allows unannounced civil search procedures. If a software developer has reasonable suspicion of an infringement of his copyright, he or she may ask a judge to permit a search of the alleged wrongdoers' premises without warning. This measure has already produced some searches and prosecution of software pirates.

The United States has held informal consultations with Spain regarding the importance the United States attaches to the protection of intellectual property. Spain was dropped from the Special 301 "watch list" in April 1995.

Regulatory System: Laws and Procedures

Spain modernized both its commercial laws and regulations following its 1986 entry into the E.U. Local regulatory framework compares favorably with other major European countries. Bureaucratic procedures have been streamlined and most red tape has been eliminated. Labor laws and regulations have been the exception, although the 1994 Labor Reform Laws and the pact signed between labor and business, in April 1997, may signal a change.

Bilateral Investment Agreements

Spain concluded bilateral investment agreements with Hungary (1989), Morocco (1989), Bolivia (1990), the Czech Republic (1990), Russia (1990), Argentina (1991), Chile (1991), Tunisia (1991), China (1992), and Uruguay (1992).

OPIC and Other Investment Insurance Programs

As Spain is a member of the European Union, OPIC insurance is not applicable, nor are other insurance programs. Various E.U. directives, as adopted into Spanish law, adequately protect the rights of foreign investors.

Labor

Employment estimates for 1998 show that there were about 13.3 million Spaniards in the work force. This figure was expected to climb to 14.0 million for 2000. Meanwhile, unemployment is expected to continue its decrease from the 1994 high of 24.2 percent down to 18.8 percent in 1998. Conservative estimates predict unemployment will decline to 17.0 percent in 2000.

Despite recent improvements in job creation, Spain continues to have the worst unemployment figure in the E.U. Employers have long criticized Spanish labor law (much of which originated in the Franco era) as unusually inflexible with very high severance payments, thus discouraging new hiring. Labor market reforms in 1994 and 1997 have eased but not fundamentally changed this situation, with the result that one third of all employed Spaniards are Temporaries. The government is unlikely to address this situation with further reforms until after general elections, which are due by March 2000, if then.

Though dues-paying union membership is among the lowest in the E.U. (generally estimated to be about ten percent), unions are involved in negotiating collective agreements for over half the work force. Under the Spanish system, workers elect delegates to represent them to the management every four years. If a certain proportion of those delegates are union-affiliated, those unions form part of the workers' committees. Large employers generally have individual collective agreements. In industries characterized by smaller companies, collective agreements are often industry-wide or regional.

The constitution guarantees the right to strike, and it has been interpreted to include general strikes called to protest government policy. There have been many strikes in recent years, the most recent being a major truck-drivers strike in February 1997 which paralyzed road transportation in northern Spain for 11 days.

Foreign-Trade Zones/Free Ports

Manufacturers mainly use free ports, foreign-trade zones, and other customs-free areas for exporting purposes. Manufacturers that set up an operation in this area enjoy the advantages of importing their supplies without any customs duties. These companies have to abide by Spanish labor laws.

Capital Outflow Policy

The government actively encourages Spanish investment abroad as a way to diversify the Spanish economy. However, Spain's presence is still small in most regions of the world, with the notable exception of Latin America where investment in energy, utilities, construction, finance, insurance nad telecommunications has taken off dramatically in the past four years. Spanish companies (some of them ex state-owned monopolies, recently privatized) have acquired a controlling interest in some of the largest companies in these sectors in Brazil, Argentina, Chile, Peru and Venezuela. In 1999, Spain's dominant energy company Repsol bought YPF, the Argentine petroleum company for USD 13.5 billion. In 1998, Telefonica, Spain's newly privatized telecommunications company, paid almost USD 5 billion for one of the companies that formed part of Brazil's telephone monopoly Telebras when it was privatized in addition to other acquisitions in the Brazilian telecommunications market. Other Spanish enterprises have established a growing presence in some to the smaller economies of Central America as well. As a general policy, the Spanish government supports investments in developing countries through tied-aid credits or development assistance programs.

In addition, a handful of private companies, mostly in the food and beverage industries, have operations abroad stretching from Europe to Asia and the Western Hemisphere.

Major Foreign Investors

Foreign investment has played a significant role in modernizing the Spanish economy over the past 35 years. Attracted by Spain's large domestic market, export possibilities, and growth potential, foreign companies in large numbers have set up operations. Spain's automotive industry is almost entirely foreign-owned. Multinationals control half of the food production companies, a third of chemical firms and two thirds of the cement sector. Several foreign banks have acquired networks from Spanish banks, and foreign firms control close to one third of the insurance market. In 1998, Spain recorded a record USD 21.4 billion in new foreign direct investment - more than five times the amount invested in 1994. In 1998, the largest investors in Spain remained the Netherlands, France, the United States, the United Kingdom and Germany.

VIII. TRADE AND PROJECT FINANCING

Banking System

Spain has a diversified modern financial system, which is fully integrated with international financial markets. The system includes credit, stock, and money markets, and specific markets for derivatives (options and futures based on different assets).

The banking system is regulated by the Ministry of Economy and Finance, the Bank of Spain, the Directorate General of Foreign Transactions, and the Directorate General of the Treasury and Financial Policy.

The creation of the E.U. single market in banking and insurance services has generated changes in the Spanish legal framework. Spain has adopted E.U. Directives regulating the equity and solvency ratio of credit institutions, and the Second Council Directive on banking coordination. It has also adopted E.U. Directives on the securities market and insurance services.

The improvement of Spain's economic climate is benefiting the banking industry. Inflation and interest rates are at historic lows. Competition in the banking market is intense and brings down interest rates. Spanish banks are well capitalized.

The Spanish financial system can be classified as follows:

1. The central issuing bank: Bank of Spain

2. Other banks:
* Spanish and foreign banks
* Savings banks
* Credit cooperatives - Rural savings banks

3. Financial institutions:
* Credit Financial Establishments (introduced by Law 3/94, implementing the Second EC Directive on banking coordination). These are credit entities specialized in certain asset products which cannot take public deposits (leasing, lending, factoring, mortgage loans)

* ICO-Instituto de Credito Oficial (Institute for Official Credit). This institute acts as the State's finance agency and investment bank.

4. Investment institutions:
* Collective investment entities:

- Investment companies dealing in Marketable Securities, Property Assets
- Investment funds: Marketable Securities, Money Market Assets, Property Assets, Mortgage Securities
- Pension Plans and Funds

* Venture capital funds and companies
* Other investment entities

5. Brokers:

* Stock market: Stockbroker companies and agencies
* General: Banks and Security Management and deposit companies

6. Insurance and re-insurance companies and insurance brokers

<u>The Bank of Spain</u>

The Bank of Spain plays the most important role in the regulation and supervision of banks and deposit-taking institutions. The Law 13/1994 provided the Bank of Spain with a high degree of autonomy from the Spanish government, as required by the Maastricht Treaty (E.U.). This Law was modified by Law 12/1998, which ensures full integration of the Bank of Spain in the European System of Central Banks, recognizing the Central European Bank's authority to define monetary policy within the E.U. The Bank of Spain acts as a banker to the government and banking system, supervises operations of other banks and credit institutions, maintains centralized information system, and regulates exchange controls and foreign exchange markets.

The establishment of the European Monetary Union (EMU) and, consequently, the creation of the Central European Bank, affected some of the functions performed by the Bank of Spain. According to the EMU's schedule of implementation, the Central Bank has complete responsibility over monetary and exchange policy beginning in January 1999. The Bank of Spain cooperates with the Central Bank.

<u>Banks</u>

Private and savings banks are important because of their volume of business and because their activities cover all segments of the economy. Of the 158 registered private banks in Spain, there are 105 domestic, 33 branches of foreign banks headquartered in the E.U. and 20 with headquarters in non-E.U. countries, including four U.S. banks. Together they have over 17,500 branch offices. Many of them also maintain an international presence.

Most Spanish banks provide a full range of services to corporate and private customers, including international financing (collections and payments).

The Spanish Savings Bank Confederation comprises 51 confederated savings banks and 12 regional savings bank federations, with more than 15,000 branch offices. Savings banks are well-established institutions attracting a substantial portion of private savings in Spain. They lend primarily to private customers via mortgages and loans. These institutions are also active in financing major public and private projects by subscribing and purchasing fixed-income debt securities.

Many Spanish banks have merged to improve, in part, their position in view of the E.U. single market for banking services. As part of this process, a holding entity, Argentaria, has been created to group state-owned holdings in various banks into one single entity. Argentaria's privatization process was completed at the end of 1998. In January 1999, Banco de Santander and Banco Central Hispano reached an agreement to merge and form the largest Spanish bank, the Banco de Santander Central Hispano (BSCH).

Spanish legislation governing the incorporation of banks is regulated by Royal Decree 1245 dated July 14, 1995. Authorization to carry out banking activities is the responsibility of the Ministry of Economy and Finance at the recommendation of the Bank of Spain. Foreign banks already authorized in another E.U. member country do not need authorization from the Bank of Spain to set up a branch or representative office in Spain. The conditions of access to the Spanish financial system are the same for both Spanish and foreign companies.

Investment and Brokerage Entities

Spain is taking steps to improve its investment and brokerage entities. For example, it has implemented new regulations to strengthen financial reporting by collective investment operators. Furthermore, the government has begun to recognize new types of investment organizations such as venture capital funds and companies. Additionally, Spain has created tax relief measures to eliminate the extra costs involved in using this medium for investments.

These measures have led to a notable increase in the number of these institutions and in the volume of their investment. Property investment funds also exist in Spain, thus completing the process of adaptation to and standardization with collective investment instruments in the E.U.

Credit Market

The Spanish credit market is structured around private banks, which attract most private and corporate savings and use their funds to provide financing for the private sector. These banks also operate as investors and underwriters in the stock market. They adjust their liquidity by interbank and money market transactions.

The process of liberalization of capital movements in the E.U. is making it easier for Spanish companies to obtain financing from abroad.

Distribution of loans

According to Spanish Central Bank statistics, the Spanish banking systems distributed a total of USD 663.4 billion in loans in 1998, with the public administration receiving only 6.0 percent of these loans (USD 39.5 billion).

Stock Market

The Spanish Stock Market comprises four stock exchanges. After dealing only in stock and bond issues, Spain's stock exchanges have undergone a process of renovation, which has brought new ways of operating and new types of financial assets.

Leading Spanish private companies and banks are listed on the stock market. Also listed are guaranteed bills, promissory notes issued by the Spanish branches of foreign banks, and some foreign companies' shares. Certain non-resident entities may also issue bonds denominated in pesetas (matador bonds) in the Spanish market.

The Spanish system of market regulation is based on a British/U.S. model. Its primary objectives are to protect small investors and the market itself.

Spain has a single computerized and centralized continuous stock market, in which insider trading is penalized. A National Stock Exchange Commission supervises the system and cooperates in developing its regulations.

The competitive securities market has a three-day settlement system. Trading on credit is permitted and new hedging instruments, index and warrant options, are available. Furthermore, the government has enacted stricter and more comprehensive regulations regarding takeover bids. Other positive developments for the stock market in Spain include the establishment of markets for options and futures and an unofficial second market for trading in fixed-income assets. These advances have made the Spanish securities market more transparent and safer.

In the last two years the Spanish government has carried out a privatization process. Several state-owned companies such as Telefonica (telecommunications), Repsol (oil and chemicals), Tabacalera (tobacco), Argentaria (bank) and Endesa (energy) have been partially or totally privatized. In some cases, individual investors have acquired a significant percentage of shares.

Money Market

The Bank of Spain bases Spain's money market fundamentally on the issuance of short-term securities, which are taken up by banks, finance companies and money market operators.

Because of the increased liberalization and greater flexibility of the Spanish financial system, the money market has become increasingly more important. Interest rates are ordinarily higher than the rate of inflation and there is a substantial volume of trading in money market securities. The government debt market is also important in Spain and both resident and foreign investors use it. For non-residents, favorable tax arrangements for investments in these securities make Spain an attractive market.

Pension Plans and Insurance Companies

The development of security investment companies and funds in Spain has increased during recent years. The Pension Plans and Funds Law of 1987 introduced a new form of saving in Spain. This law deals with the existence of pension plans promoted by employers, associations, and financial entities. These plans include favorable tax treatment as well as restrictions on the use of the funds before retirement, death or disability takes place. However, as of January 1998, the accumulated savings in pension plans can be used in the events of long-duration unemployment or serious illness. Furthermore, the new private insurance legislation, Law 30/1995, requires companies to formalize their pension plans with an external fund or an insurance contract.

The life insurance market has also grown substantially in Spain, due primarily to the similarities between survival insurance contracts and traditional saving formulae and the more favorable tax treatment of the former. However, the government prohibits the sale of short-term survival insurance with low actuarial content.

In recent years, international insurance companies have set up operations in Spain, either by forming subsidiaries and branch offices or by purchasing existing companies. In most cases, they have achieved profitable results and excellent positioning in the market.

The European Monetary Union, the Euro and the Effects on the Spanish Financial System

Spain is one of the eleven E.U.-member countries that entered into the EMU as on January 1, 1999. The main advantages of the EMU include:

* A decrease of exchange transaction costs and related expenses for companies with international operations;

* An increase in opportunities for foreign investors and exporters to expand business across European national markets;

* Required price stability and economic convergence amongst member states which will ease long-term industrial investment decisions;

* An ease in trans-border trade in Europe;

* Higher degree of standardization of accounting practices, which will make it easier for an exporter or investor to bill in one European currency rather than in 11 local currencies;

* A broader European capital market, offering easier funding in bonds, cheaper bank products and access to a broader investor basis;

* Easier treasury management for international corporations established in Europe; and

* An increased pressure on governments to standardize tax levels and eliminate obstacles to competitiveness, due to the Euro.

In the medium to long-term, non-E.U. companies can adopt the Euro in international business. Forecasts predict that eastern and central European countries that now align their currencies to the Deutch Mark (DM) and African countries that align theirs to the French Franc (FF) will adopt the Euro for international business.

The creation of the European Central Bank and the beginning of the manufacturing process of Euro notes and coins started in 1998. On January 1, 1999, irrevocable conversion rates for E.U. currencies to the Euro were established. The exchange rate for the Spanish Peseta was established at one Euro equals 166.386 Pesetas. As of January 1, 1999 the Euro replaced the ECU and started to be introduced into contracts. Since then, prices have been established both in Euros and in local currencies. In the same year, the European Central Bank will have complete responsibility for monetary and exchange rate policy. In the year 2002, the first Euro notes and coins will begin to circulate and local currencies will be gradually withdrawn. Both types of currencies will be valid until July 1, 2002 when all invoices will be expressed in Euros.

Foreign Exchange Controls Affecting Trade

The adoption in recent years of required E.U. regulations completed the liberalization of the Spanish financial sector. For example, exchange controls and capital movements are now fully liberalized. Between 1991 and 1993, Spain implemented several key Royal Decrees. They were:

* Foreign transactions (RD 1816, December 1991), modified in 1993 (by RD 42/1993)and in 1996 (by RD 1638/1996).
* Spanish investment abroad (RD 671 and 672, July 1992).

Some main features of Royal Decree 1816/1991 include:

Safeguard clauses: Under exceptional circumstances, the law authorizes the Spanish government to prohibit or limit certain financial transactions with non-residents. This is applicable if the transactions affect Spanish interests, or if they affect the application of measures adopted by international bodies of which Spain is a member.

Documenting transactions: For statistical purposes, banks must document money transactions.

Declaration to the Bank of Spain: Notification must be given to the bank when certain transactions occur between residents and non-residents such as: financing and deferral of payments and receipts for over a year, offsets of credits and debits on commercial and financial transactions, and financial loans received from non-residents.

Prior notification: This regulation requires prior notification for the export of coins, bank notes and bearer checks, in either local or foreign currency, for amounts over one million pesetas per person, per trip. Prior notification is also required for quantities coming into Spain of more than one million pesetas.

Prior authorization: Prior administrative authorization is required for the export of coins, bank notes, and bearer checks, in either local or foreign currency, for amounts over five million pesetas per person, per trip.

Bank accounts: Non-resident individuals and companies can maintain bank accounts under the same conditions as residents. The only requirement is documentation of non-resident status.

For exchange control purposes, residents are:

* Individuals who live in Spain
* Companies with registered offices in Spain
* Branches or subsidiaries of foreign companies or of individuals living abroad

<u>General Availability on Financing</u>

Banks are the primary source for short and long-term capital. While short-term financing is relatively easy to obtain, banks are very cautious about lending medium and long-term funds. Only the largest companies have easy access to these types of loans.

The most important types of short-term financing are made through loan agreements (polizas de credito), discounting of commercial bills, and loans made against bills drawn on the borrowing company to the order of the bank (efectos financieros). Under a "poliza de credito" (the usual term is six months) the borrower has access to credit up to the maximum amount negotiated in the loan agreement. Spanish borrowers prefer "polizas" to loans made against bills (efectos financieros or letras financieras) because the latter are subject to stamp tax. Commercial bills and other trade instruments are generally discounted under an overall credit line agreed upon by the bank and its client.

Banks usually offer these lines for one year and prefer that short-term paper (30, 45 or 90 days) be passed through the line. Local companies that wish to raise their discount ceilings can normally do so by opening term or savings accounts equal to 5-20 percent of their drawings. Equity financing is also available.

Savings banks offer mainly, but not exclusively, credit for projects within their local areas. Loans offered are directed towards the financing of long-term housing and agriculture as well as to projects that create new jobs and improve the infrastructure of the area.

The Official Credit Institute (ICO), a state supported agency, offers special terms on loans for industrial restructuring and for smaller firms.

Credits from the European Investment Bank are increasingly significant in Spain and are available for investment projects directed to the development of selected sectors and regions.

How to Finance Exports/Methods of Payment

Methods of payment are the instruments used in international trade to guarantee collection of funds and reduce the commercial risk. The methods of payment most commonly used in Spain for international trade are:

Checks (cheque): While bank checks offer security in transactions, (since the bank issuing the check needs the guarantee of the transfer to issue it), personal checks do not offer enough guarantees against commercial risk as the bank does not guarantee the funds in the account of the person issuing the check.

Payment Order (orden de pago): In this case, the importer gives an order to the bank and, by using a correspondent bank in the same country, pays the exporter’s bank the amount due. The initiative for the payment in this case is the importer’s responsibility. These transfers, via SWIFT, are a common practice in the Spanish banking system.

Documents against payment (remesa documentaria): Exporters use this instrument to ensure the possession of the merchandise until the collection of funds, or at least until the importer accepts a bill of exchange.

Documentary Credit (credito documentario): This method of payment offers safer conditions in the transaction, due to the involvement of banks in both countries. In this case, the importer’s bank ensures against the entrance of a third party (an exporter, the bank or a correspondent bank).

In general, foreign products are imported by using irrevocable letters of credit against documents, particularly during the first year of business. Opening irrevocable letters of credit is a straightforward process in Spain through which importers can insure against exchange risk with their banks. When a long-term relationship has been established between a supplier and a customer, credit may be negotiated. Payment practices are 30, 60 and 90 day terms. However, for large orders, payment conditions are established on a case by case basis.

Types of Available Export Financing and Insurance

Numerous financial organizations exist to assist American exporters. They include commercial banks and private financial sources such as factoring, forfeiting and confirming services. U.S. Government programs are also available to assist the U.S. exporter. Several federal, state, and local government agencies offer many types of programs. Some are guarantee programs that require the participation of an approved lender. Other programs provide loans or grants to the exporter or a foreign government.

Commercial banks use government guarantee and insurance programs to reduce the risk associated with loans to exporters. Lenders who are concerned with an exporter's ability to pay often use government programs to reduce the risk that would otherwise prevent them from providing finance.

For assistance in determining which financing options may be available, companies should consult the following sources:

* The exporter's international or domestic banker.
* The exporter's state exports promotion or export finance office.
* A Department of Commerce District office.
* The Export-Import Bank of the United States (ExImbank).

Availability of Project Financing

The Export-Import Bank of the United States (ExImbank) is the federal government's trade finance agency, offering many programs to address financial needs of American firms. Other agencies fill various market niches. The Department of Agriculture offers a variety of programs to foster agricultural exports. The Small Business Administration (SBA) offers programs to address the needs of smaller exporters. The Overseas Private Investment Corporation (OPIC) provides specialized assistance to U.S. firms. The Agency for International Development (USAID) provides grants to developing nations that can be used to purchase U.S. goods and services.

Types of Projects Receiving Financing Support

As mentioned in previous sections, U.S. exporters may receive financing in support of their exporting efforts from different institutions in the U.S. and for different types of projects. For Spain, there are several types of grants and incentives offered from the different levels of government (European, Spanish National Government and regional and local authorities). These incentives can be classified as:

* State and regional incentives for training and employment, especially focused on improving qualifications of active workers and under skilled workers, and to foster indefinite employment,

* State and regional incentives for specific industries, providing financial aid and tax benefits for activities in certain industries in priority sectors (e.g., agrofood industry, energy, mining, technological improvement, R&D). Incentives for technological developments are managed through the ATYCA Initiative of the Ministry of Industry, under two main programs: Industrial Technological Development Program and Industrial Quality and Safety Program,

* Incentives for investment in certain regions, to promote economic growth in less developed areas (Economic Promotion Areas and Special Areas) with a ceiling of up to 50 percent of the investment,

* State incentives for small and medium firms, known as "Iniciativa PYME". The Directorate General for Small and Medium Firms has launched several programs addressed specifically to SMEs: the Business Cooperation Program, the Program to Promote Information Services, Design Programs and Financing Programs,

*Incentives for Internationalization primarily addressed to Spanish firms willing to invest abroad or foster their business activities abroad,

* E.U. incentives and grants, focusing especially on depressed European regions or those with the lowest levels of income and high unemployment. These E.U. incentives are routed through Spanish institutions. Some of these E.U. instruments are:

a) European Investment Bank: Loans from this entity may cover up to 50 percent of the projects and are especially aimed to promote projects of interest for several states in the areas of energy, environment and industrial development for SMEs.

b) European Investment Fund (EIF): Has the objective of increasing investments in the Paneuropean transportation network, telecommunications and energy industries.

c) Structural Funds: These are one of the largest chapters for E.U. expenditure and are used to fund structural improvements in the less developed E.U. member States. Some of these structural funds are the European Social Fund (ESF, especially aimed to fund official agencies and non-profit organizations), the European Agricultural Guidance and Guarantee Fund (EAGGF, to improve processing and marketing conditions of farm and fishery products), the European Regional Development Fund (ERDF, for industrial, educational and health care infrastructure), and the Cohesion Funds (to promote economic and social progress, removing differences in living standards). In the past, Spain has been a beneficiary of these Cohesion Funds, which primarily co-finance Trans-European transportation and environmental projects.

List of Banks with Correspondent U.S. Banking Arrangements

All major Spanish banks have agreements with one or several U.S. banks. (See list of banks in Appendix E.)

IX. BUSINESS TRAVEL

Business Customs

There is no substitute for face-to-face meetings with Spanish business representatives to break into this market. Spaniards expect a personal relationship with suppliers. Initial communication by phone or fax is far less effective than a personal meeting. Mail campaigns generally yield meager results. Less than 30 percent of local managers are fluent in English.

Spaniards are more formal in personal relations than Americans but much less rigid than they were ten years ago. The biggest mistake a U.S. businessperson can make is to assume doing business in Spain is just like doing business in Mexico and Latin America; Italy or France would be a better comparison. A hand-shake is customary upon initiating and closing a business meeting, accompanied by an appropriate greeting. Professional attire is expected. Business dress is suit and tie and business cards are required.

Spaniards tend to be "conservative" in their buying habits. Known brands do well. Large government and private sector buyers appear more comfortable dealing with other large, established organizations or with firms that are recognized as leaders within their sectors.

Travel Advisory and Visas

Spain is a developed and stable democracy with a modern economy. Tourist facilities are widely available.

Entry requirements: A passport is necessary but a visa is not required for tourist or commercial stays of up to three months. Holders of official or diplomatic passports need a visa. Under the Schengen accord, U.S. citizens may travel without a visa between Spain and other Schengen countries (Austria, Belgium, Denmark, France, Finland, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal and Sweden). U.S. citizens may reside visa-free up to three months within the combined Schengen countries during any six-month period. The Spanish police may grant additional three month stays in Spain for exceptional circumstances. Before the initial period of temporary residence expires, one may apply for an extension at any Spanish police station. The extension applies only to Spain, not to other Schengen states. After an extension, a U.S. citizen must apply for a residency, work or student permit or leave the country for at least six months. To apply for a permit, one must first acquire the respective visa at a Spanish Consulate in the place of last residence. There is no mechanism for applying for the visa in Spain or for applying for a residence permit without the visa. For further information concerning entry requirements for Spain, travelers may contact the Embassy of Spain at 2375 Pennsylvania Avenue NW, Washington, DC 20037, tel: (202) 728-2330, or the nearest Spanish consulate in Boston, Chicago, Houston, Los Angeles, Miami, New Orleans, New York, San Francisco, or San Juan.

Medical facilities: Good medical care is available. U.S. medical insurance is not usually valid outside the United States. Travelers have found supplemental medical insurance with specific overseas coverage to be useful since doctors in Spain expect up-front payment. The Center for Disease Control's international travelers hotline can provide further information on health matters: (404) 332-4559.

Crime information: Minor crimes such as pickpocketing, robbery, and theft from cars are frequent and are often directed against unwary tourists. Theft of small items like radios, luggage, cameras, briefcases, and even cigarettes from parked cars is a common problem. Spain also has a very low, but rising, rate of violent crime, and victims are sometimes choked or pushed to the ground. Thieves often attempt to distract victims by first squirting mustard on their clothing, asking for directions on the street, etc. The American Embassy also frequently receives reports of roadside thieves posing as "good samaritans" to persons experiencing car problems. The thieves typically divert the driver's attention by pointing out a mechanical problem then steal items from the vehicle while the driver is looking away. The Embassy advises drivers to be extremely cautious about accepting help from anyone other than a uniformed Spanish official. Travelers who accept unofficial assistance are advised to protect their valuables by keeping them in sight or locking them in the vehicle. Bags or other articles left unattended in Spain are likely to be stolen. Andorra has a low rate of crime.

The loss or theft of a U.S. passport should be reported immediately to the local police and the nearest U.S. Embassy or consulate. Travelers are urged to keep a photocopy of documentation evidencing U.S. citizenship and to keep original documents such as passports in a hotel safe or other secure location. Applicants for replacement passports must present evidence of identity and citizenship. U.S. citizens can refer to the Department of State's pamphlet, <u>A Safe Trip Abroad</u>, for ways to promote a more trouble-free trip. The pamphlet is available from the Superintendent of Public Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Drug penalties: U.S. citizens are subject to the laws of the country in which they are traveling. In Spain, penalties for possession, use, or dealing in illegal drugs are strict, and convicted offenders can expect jail sentences and fines.

Terrorist activities: Civil disorder in Spain is rare. Terrorism does not pose a significant threat to Americans in Spain. In the past, two Spanish terrorist organizations, ETA and GRAPO, have sometimes bombed tourist facilities during the summer. These attacks were apparently planned so as to avoid inflicting casualties. They have been less frequent and less numerous in recent years. Neither group has ever targeted a U.S. citizen. The only American casualty due to terrorism in Spain was a chance victim of a bombing directed at others. In September 1998, ETA declared a temporary cease fire, halting its violent activities. ETA is expected to make this cease fire permanent in June 1999.

Registration: U.S. citizens who register in the consular section at the U.S. Embassy or consulate may obtain updated information on travel and security within Spain.

Embassy and consulate locations: The U.S. Embassy in Madrid is located at Serrano 75 and is open from 9:00 a.m. to 6:00 p.m.; telephone (34-91) 587-2200. The Consular Section is open to the public in the mornings only. American Citizen Services, including passport services, is open from 9:00 a.m. to 1:00 p.m. There is a U.S. Consulate in Barcelona, at Paseo Reina Elisenda 23, telephone (34-93) 280-2227. There are also Consular Agencies in the following locations:

* Málaga, at Centro Comercial "Las Rampas" Fase 2, Planta 1, locales 12-G-7 and 12-G-8, Fuengirola, telephone (34-952) 474-891, hours 10:00 a.m. to 1:00 p.m.;

* A Coruña, at Canton Grande, 6-8E, telephone (34-981) 213-233, hours 10:00 a.m. to 1:00 p.m.;

* Las Palmas, at Edificio Arca, c/Los Martínez de Escobar, 3, oficina 7, telephone (34-928) 271-259, hours 10:00 a.m. to 1:00 p.m.;

* Palma de Mallorca, at Av. Jaime II, 26 entresuelo, H-I telephone (34-971) 726-660, hours 10:00 a.m. to 1:00 p.m.;

* Seville, at Paseo de las Delicias 7, telephone (34-954) 231-885, hours 8:30 a.m. to 1:30 p.m. and 2:30 p.m. to 4:30 p.m.

* Valencia, at Calle de la Paz 6-5, local 5, telephone (34-96) 351- 6973, hours 10:00 a.m. to 1:00 p.m.

Holidays

National holidays: The Government of Spain publishes a list of holidays every year. The list for 2000 is not available yet. In any case, it will not differ much from the following 1999 list.

Jan. 1 (New Year's Day); Jan. 6 (Epiphany); Mar. 19 (Father's Day); Apr. 6 & 7 (Holy Thursday & Good Friday); May 1 (Labor day); Aug. 15 (Assumption); Oct. 12 (National Day); Nov. 1 (All Saints' Day); Dec. 6 (Constitution Day); Dec. 8 (Feast of the Immaculate Conception); Dec. 24 & Dec.25 (Christmas).

In addition to these national holidays there are many local holidays which vary by region and city. In Madrid: May 2 (Madrid Community Day); May 15 (Feast of Saint Isidro (Patron Saint of Madrid)

Work Week

The workdays abutting Spanish holidays and vacation periods are not a good time to schedule business meetings. Neither are the month of August nor the several vacation periods around Christmas and Easter. Business hours in Spain are generally 9:00 a.m. to 6:00 p.m. Monday through Friday. Banking hours are 8:30 a.m.-2:30 p.m. during the week, and sometimes Saturday morning. Department stores are generally open 10:00 a.m. to 8:00 p.m., Monday through Saturday. To ensure availability, appointments are recommended.

Business Infrastructure

Communications: Telecommunications to and from Madrid compare favorably with those in any large U.S. city. A direct-dial telephone system links Spain to the U.S. and most of the world. Calls to the United States may be charged to international telephone cards such as AT&T (900-99-00-11), MCI (900-99-00-14) and Sprint (900-99-00-13). You can also use these numbers to place collect calls to the U.S. or for international directory inquiries if you own any of the three calling cards. If you do not carry an international telephone card, you may also reach the local international directory by dialing 025. Due to recent changes in the network, older telephone numbers may be incomplete or incorrect. Since 1998, provincial codes, two or three digit codes beginning with 9, are obligatory even within regions. In April 1999 the first digit of mobile telephone numbers was changed to 6. Public phones in Spain accept coins and Telefónica debit cards. Some public phones also accept commercial credit cards.

Transportation: Frequent direct air service is available to major U.S. cities from Madrid and Barcelona. Airports in both Madrid and Barcelona have good bus service to downtown. Taxis are easily available at major cities all over Spain.

Numerous American citizens contact the Embassy saying a cab driver charged them an outrageous fee. Rates are posted in all normally licensed taxis. In addition to the initial charge and mileage various supplements may be added: e.g., for riding to the airport (350 Pt), rides to a bus or train station, and service on holidays or between 11 pm and 6 am, (all 150 Pt), or handling baggage (100 Pt/bag). A trip to or from Barajas Airport and downtown Madrid ranges from 2000 to 3000 Pesetas. "Auto-taxis" are under a different licensing scheme and drivers set their own rates. Travelers arriving at the airport are likely to be approached by auto-taxi drivers who will charge double or triple the cost of a regularly licensed taxi. Catching a cab at a taxi stand should avoid this hazard. If the rate appears unreasonable, request a receipt (un recibo). The receipt should have the taxi's license number in perforated holes at the top right margin.

There is a good highway network linking major cities in Spain. Secondary roads are poor in Galicia and Asturias (in the Northwest). The Spanish railway system is extensive. There are high speed trains from Madrid to both Sevilla and Málaga. Madrid and Barcelona enjoy excellent railway systems in their metropolitan areas. Buses and the Metro (subway) in Madrid and Barcelona may be crowded during rush hours but provide fast and efficient service.

Electrical Characteristics: Electric current in Spain is 220 volts AC, 50 cycles. Most U. S. electrical equipment and appliances need a transformer and plug adapter.

Climate and Clothing

Despite differences among various regions, Spain has a typical Mediterranean climate. The weather in the northern coastal regions (looking onto the Atlantic and the Bay of Biscay) is temperate and generally rainy throughout the year, and temperatures are neither very low in winter nor very high in summer. The climate on the Mediterranean coastline, including the Balearic Islands, is mild in the winter, and hot and dry in the summer. The most extreme differences take place in the interior, where the climate is dry, with cold winters and hot summers. The Canary Islands have a climate of their own, with temperatures constantly around 20 degrees Celsius (68 degrees Fahrenheit) and little variation between summer and winter or day and night.

Tipping
A service charge is normally included in restaurant bills. Small, additional tips are often left for particularly good service. Taxi drivers may be tipped by rounding up the payment to include up to five percent of the fare. At no time in Spain are tips obligatory.

Commercial Language
While an increasing number of business people speak English, product literature, correspondence and negotiations in Spanish provide a distinct advantage over competitors who use only English. There are certain regions in Spain with a second official language: Catalan in Catalonia, Valencia, and the Balearic Islands; Galician/Portuguese in Galicia; and Basque in the Basque country.

Hotels and other tourist infrastructure: Spanish hotels are comparable to those found in the rest of the E.U. Spain has a good network of hotels all over the country. The "paradores", a chain of national hotels, offer good accommodations, usually in very scenic and/or historic settings. A hotel is always easy to find when traveling in Spain.

Car rental services can be found in major cities, airports and hotels. Most of the large U.S. car rental companies are established in Spain.

Groceries

Food is of excellent quality in Madrid and other principal cities. Although many American products are hard to find, certain supermarkets carry a wide range of local and imported products.

Temporary Entry Of Laptop Computers And Working Material.
Laptop computers for personal/business use do not require any special documentation. Occasionally, the Customs service at Madrid's Barajas airport (tel. +34-91-393-7552), decides shipping a laptop constitutes a temporary importation requiring the presentation of a warrant: a cash deposit or a statement from a Spanish bank stating an import tax will be paid if the equipment is sold in Spain. Before leaving Spain, the equipment and necessary forms should be taken to the Customs Office at Barajas airport for reimbursement of the deposit.

FOR MORE INFORMATION

U.S. Business Travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: "Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel. (202) 521-1800; Fax: (202) 512-2250. Business travelers to Spain seeking appointments with U.S. Embassy Officials in Madrid should contact the Commercial section in advance. The Commercial section can be reached by telephone at (34) 91-564-8976 or by fax at (34) 91-563-0859.

X. Appendices

Appendix A: Country Data

Profile

	1996	1997	1998
- Population (million)	39.3	39.4	39.9
- Population growth rate (percent)	0.4	0.4	0.4
- Religion	90 percent Catholic		
- Government System	Parliamentary Monarchy		
- Languages	Spanish (official), Catalan, Basque and Galician/Portuguese.		
- Work week	40.0	40.0	40.0

Appendix B: Domestic Economy

	1997	**1998**	**1999** (Estimate)
- GDP current prices (trillion pta)	77.8	82.7	87.5
- GDP current prices (USD bil.)	531.3	553.2	564.4
- GDP growth rate (real percent)	3.5	3.8	3.5
- GDP per capita (USD)	13,165	13,925	14,181
- Government deficit (percent GDP)	2.7	1.8	1.6
- CPI (percent change Dec/Dec)	2.0	1.4	1.8
- Unemployment (avg.)	20.8	20.0	18.0
- Foreign exchange reserves (USD bil.)	75.0	75.0	75.0
- Avg. exchange rate (pta/USD)	146.4	149.4	155.0
- Debt service ratio	N/A	N/A	N/A

Source: INE, Banco de España and BCH (figures from June, 1998)

Appendix C: Trade

(USD billions)	1996	1997	1998
- Total Spanish exports	102.8	105.2	109.4
- Total Spanish imports	122.5	123.5	133.1
- Spanish exports to U.S. (1)	4.3	4.7	4.6
- Spanish exports to U.S. (2)	4.3	4.6	4.8
- Spanish CIF imports from U.S.(1)	7.7	7.7	7.8
- Spanish customs imports from U.S.(2)	5.5	7.7	5.5
- U.S. share of total exports(%)	4.2	4.4	4.2
- U.S. share of total imports (%)	6.3	6.3	5.9

(1) Spanish official statistics
(2) U.S. Bureau of the Census: Customs Data.

Appendix D: Investment Statistics

(USD millions)	1996	1997	1998
Tot. for. dir. invest. in Spain	16,423	21,177	21,392
U.S. dir. invest. in Spain	1,367	1,352	1,876
U.S. share of tot. dir. invest.(%)	8.3	7.7	8.8
Tot. Spanish invest. Abroad	9,740	8,624	18,703
Spanish investment in U.S.	549	630	461
U.S. share of tot. Spanish invest.(%)	5.6	4.7	2.5

Foreign Direct Investment in Spain (1998): Geographic Breakdown

European Union:	55.4 percent
Of which:	
The Netherlands	18.6 percent
France	12.9 percent
United Kingdom	3.8 percent
Germany	7.4 percent
Italy	2.8 percent
Other E.U. countries	9.8 percent

Foreign Direct Investment in Spain (1998): Sectoral Breakdown

Manufacturing	35.18 percent
Financial & other services	14.04 percent
Commerce & Repair services	15.42 percent
Hotels	0.61 percent
Transportation	2.98 percent
Extraction Industries	1.06 percent
Other	30.71 percent

Source: Ministry of Economy and Finance's Boletín Económico

Appendix E - U.S. and Country Contacts

United States Embassy in Spain

Address:	Serrano 75 28006 Madrid tel: (34-91) 587-2200 fax: (34-91) 577-5735
Mailing Address: (from the U.S.)	American Embassy PSC#61 APO AE 09642

Ambassador:	Edward Romero
Deputy Chief Of Mission:	James D. Walsh
Counselor for Admin. Affairs:	Joseph Schreiber
Counselor for Agricultural Affairs:	Robert Wicks
Counselor for Cultural Affairs:	Pamela Corey-Archer
Minister for Political/Economics Affairs:	Michael Butler
Counselor for Economic Affairs:	Stephen V. Noble
Defense Attache:	COL. Bruce Balbin
Office of Defense Cooperation:	CAPT. Leroy E. Sheehan
Consul General Madrid:	Philip French
Consul General Barcelona:	Doug Smith

The Commercial Service:

- Madrid:

Address: Paseo de la Castellana 52, 2nd floor
tel: +34-91-564-8976
fax: +34-91-563-0859

Mailing Address from the United States:

American Embassy
FCS Madrid
PSC#61, Box 21
APO AE 09642

Mailing Address from outside the United States:

American Embassy Madrid
Commercial Service
Serrano 75
28006 Madrid, Spain

Counselor for Commercial Affairs:	Rafael Fermoselle
Commercial Attaché:	Stephen Morrison
Assistant Commercial Attaché:	Harry Tyner

- Barcelona:

Address:

P. Reina Elisenda de Montcada 23
tel: +34-93-280-2227
fax: +34-93-205-7705

Mailing Address from the United States:

American Consulate General
Commercial Section
PSC#61, Box 0005
APO, AE 09642

Mailing address from outside of the United States:

American Consulate General Barcelona
Commercial Service
P. Reina Elisenda de Motcada 23
08034 Barcelona, Spain

Commercial Consul: Louis Santamaria

U.S.DOC Country Desk:

Ann Corro
Spain and Portugal Desk Officer
U.S. Department of Commerce
tel: (202) 482-3945
fax: (202) 482-2897

TPCC Trade Information Center: 1-800-USA-TRADE

Foreign Agricultural Service

Address:

Paseo de la Castellana 52 - 2 floor
Tele: +34-91-564-5275
Fax: +34-91-564-9644

Mailing Address from the United States:

Office of Agricultural Affairs
American Embassy-Madrid
PSC-61 (Box-20)
APO AE 09642

Mailing from outside of the United States:

American Embassy
Office of Agricultural Affairs
American Embassy Madrid
Serrano 75
28006 Madrid, Spain

American Officers:

Agricultural Counselor: Robert Wicks
Agricultural Attache: Chris Rittgers

Area Officer
Philip A. Letarte
Southern Europe Area Officer
U.S. Department of Agriculture
Foreign Agricultural Service

Room 5092 South Bldg...
14th and Independence Ave. S.W.
Washington, D.C. 20250
Tele: (202) 720-2144
Fax: (202) 690-1149

U.S. Department of Agriculture
Foreign Agriculture Service
Trade Assistance and Promotion Office
tel: (202) 720-7420

U.S. Government Organizations, Washington, DC

U.S. Department of State
Office of Business Affairs
tel: (202) 746-1625
fax: (202) 647-3953

Overseas Private Investment Corporation (OPIC)
tel: (202) 336-8799

Spanish Government Organizations

Ministerio de Agricultura, Pesca y Alimentación
(Ministry of Agriculture, Fisheries, and Food Products)
Paseo de la Infanta Isabel, 1
28014 Madrid
Phone +34-91-347 5000

Secretaría General de Producciones y Mercados Agrarios
Ministerio de Agricultura, Pesca y Alimentación
(Secretary General of Agricultural Production and Markets)
Jose Abascal, 4
28003 Madrid
Phone +34-91-347 66 00

Direccion General de Sanidad Agraria
(Department of Agricultural Health)
Velázquez, 147
28002 Madrid
Phone +34-91-347 82 33/4
Fax +34-91-577 62 32

Dirección General de Salud Pública
(Department of Public Health)
Paseo del Prado, 18
28014 Madrid
Phone +34-91-596 20 38
Fax +34-91-596 20 47

Subdirección General de Comercio Exterior de
Productos de Origen Animal y sus Derivados
Ministerio de Comercio y Turismo
(Department of External Commerce for Animals and Animal By Products, Ministry of Commerce and Tourism)
Phone +34-91- 349 37 80
Fax +34-91- 349 38 06

Secretaria de Estado Para las Comunidades Europeas
Ministerio de Asuntos Exteriores
(Secretary of State for the European Community, Ministry of Foreign Affairs)
Maria de Molina, 39 Pta 10
28006 Madrid
Phone +34-91-41163 41/ 91-563 71 10

Instituto de Comercio Exterior (ICEX)
(Spanish Institute for Foreign Trade)
P. de la Castellana 14
28046 Madrid, Spain
Phone: +34-91-431-1240
Fax: +34-91-431-6128

Direccion General de Inversiones Exteriores
(Department for Foreign Investment)
P. de la Castellana 162
28046 Madrid, Spain
Phone: +34-91-583-7400
fax: +34-91-583-5329

Chambers of Commerce

Consejo Superior de Camaras
de Comercio, Industria y Navegacion
(Higher Council of Chambers of Commerce)
Mr. Carlos Ferrer Salat
President
Claudio Coello 19
28006 Madrid
Tel: +34-91-575-3400
Fax: +34-91-435-2392

Camara Oficial de Comercio e Industria de Madrid
(Madrid Chamber of Commerce and Industry)
Mr. Juan Mato Jimenez
President
Huertas 13
28012 Madrid
Tel: +34-91-538-3500
Fax: +34-91- 538-3677

Camara Oficial de Comercio, Industria y Navegacion de Barcelona
(Barcelona Chamber of Commerce, Industry and Navigation)
Mr. Antoni Negre
President
Avda. Diagonal 452-454
08006 Barcelona
tel: +34-93-416-9300

Camara Oficial de Comercio, Industria y Navegacion de Bilbao
(Bilbao Chamber of Commerce, Industry and Navigation)
Mr. Patricio de la Sota
President
Avda. de Recalde 50
48008 Bilbao
tel: +34-94-410-4664

American Chamber of Commerce in Spain
Mr. Jose A. Manrique
Executive Director
Av. Diagonal 477
08036 Barcelona
tel: +34-93-405-1266
fax: +34-93-405-3124

Spain-U.S. Chamber of Commerce
Mr. Andrew Whist
President
500 Fifth Avenue
New York, N.Y. 10110
Tel: (212) 354-7848

Spain-U.S. Chamber of Commerce
Mr. Kevin Callahan
Executive Director
500 Fifth Avenue
New York, N.Y. 10110
Tel: (212) 354-7848

AMERICAN BUSINESS COUNCIL
Mr. Juan Soto Serrano
President
American Business Council
28006 Madrid
Tel: +34-91-631-1604
Fax: +34-91-631-1290

Market Research Firms

ARTHUR ANDERSEN
Raimundo Fdez. Villaverde 65
28003 Madrid
tel: +34-91-597-0000
fax: +34-91-556-6469

ARTHUR D. LITTLE, SRC
General Peron 40-A
28020 Madrid
tel: +34-91-597-3375
fax: +34-91-555-4531

A.T. KEARNEY
Castellana 31
28046 Madrid
Tel: +34-91-319-9796
fax: +34-91-310-2292

THE BOSTON CONSULTING GROUP
Alcala 95
28009 Madrid
tel: +34-91-520-6100
fax: +34-91-520-6222

DUN & BRADSTREET SA

Salvador de Madariaga 1
28027 Madrid
tel: +34-91-377-9100
fax: +34-91-377-9101

ERNST & YOUNG
Pl. Pablo Ruiz Picasso s/n
Torre Picasso
28020 Madrid
tel: +34-91-572-7200
fax: +34-91-572-7427

PRICE WATERHOUSE
Po. de la Castellana 43
28046 Madrid
tel: +34-91-308-3500
fax: +34-91-308-3566

Spanish Banks

ARGENTARIA
Corporacion Bancaria de España
Contact: Mr. Francisco González Rodriguez
President
Paseo de Recoletos, 10
28004 Madrid
Tel: +34-91-537-7000

BANESTO
Contact: Mr. Alfredo Saenz
President
Paseo de la Castellana, 7
28046 Madrid
Tel: +34-91-338-1000

BANCO CENTRAL HISPANO
Contact: Jose María Amusategui
President
Alcala, 49
28014 Madrid
Tel: +34-91-522-4040
Fax: +34-91-521-9703

BANCO GUIPUZCOANO
Contact: Mr. Jose Maria Aguirre
President Paseo de la Castellana 77
28046 Madrid
Tel: +34-91-536-6800

BANCO HIPOTECARIO DE ESPAÑA
Contact: Mr. Joaquin Sánchez Izquierdo
Managing Director
Paseo de Recoletos, 10
28001 Madrid
Tel: +34-91-537-7000

BANCO DE BILBAO-VIZCAYA
Contact: Mr. Emilio de Ybarra

Presidente
Paseo de la Castellana, 81
28046 Madrid
Tel: +34-91-374 80 00

BANCO POPULAR ESPANOL
Contact: Mr. Luis Valls Taberner
Presidente
Alcala, 26
28014 Madrid
Tel: +34-91-435-3620

BANCO DE SANTANDER
Contact: Mr. Emilio Botin Sainz de Sutuola
Presidente
Paseo de la Castellana 75
28046 Madrid
Tel: +34-91-435-0455

CAJA DE MADRID
Contact: Mr. Miguel Blesa de la Parra
Presidente
Plaza de Celenque, 2 - 2da.
28013 Madrid
Tel: +34-91-532-0000

LA CAIXA
Contact: Mr. Jose Vilarasau Salat
Director General
Avda. Diagonal, 621-629
08028 Barcelona
Tel: +34-93-404-7110
Fax: +34-93-330-0097

American Banks in Spain

BANK OF AMERICA, S.A.E.
Contact: Mr. Werner Schubert
Director General and Managing Director
Capitan Haya 1
28020 Madrid
Tel: +34-91-555-5500

BANKERS TRUST COMPANY
Contact: Mr. Guillermo Zunzunegui
Vice President
Paseo de la Castellana 31, 4 planta
28046 Madrid
Tel: +34-91-538-7500
Fax: +34-91-538-7529

CHEMICAL BANK/CHASE BANK
Contact: Mr. Jose Antonio Garay
Managing Director
Paseo de la Castellana, 51 - 5 planta
28046 Madrid
Tel: +34-91-349-2800

Fax: +34-91-319-7323/91-319-8017

CITIBANK, N.A.
Contact: Mr. Amador Huertas y Ortega
President for Spain and Portugal
Jose Ortega y Gasset 29
28006 Madrid
Tel: +34-91-538-4249
Fax: +34-91-435-2811

CITIBANK, N.A.
Contact: Mr. Enrique Santamaria
Vice-President
Diagonal 427 bis-429
08036 Barcelona
Tel: +34-93-200-2730

CITIBANK ESPAÑA, S.A.
Contact: Mr. Rafael Gil Tienda
Presidente Country Corporate Officer
Avenida de Europa, 19
Parque Industrial "La Moraleja"
28100 Alcobendas (Madrid)
Tel: +34-91-663-1100

MORGAN GUARANTY TRUST OF NEW YORK
Contact: Mr. Victor Arbulu
General Manager & Vice President
Jose Ortega y Gasset, 29
28006 Madrid
Tel: +34-91-435-6041
Fax: +34-91-577-5814

Agricultural Associations

ASOCIACIÓN ESPAÑOLA PARA EL COMERCIO
(Spanish Association for Commerce)
Exterior de Cereales
Pedro Muguruza, 3
28036 Madrid
Phone +34-91-350 31 60
Fax +34-91-345 05 27

DRY MILLER ASSOCIATION
Felix Boix 7-Tercero F
28036 Madrid
Phone +34-91-345 16 85

ASOCIACIÓN DE INDUSTRIAS DE LA CARNE
(Association of Meat Industries)
General Rodrigo, 6-Planta 12
2803 Madrid
Phone +34-91-554 70 45/46/
Fax   +34-91-554 78 49

ASOCIACIÓN ESPAÑOLA DE EMPRESAS DE LA CARNE (ASOCARNE)
(Association of Meat Businesses)
Infanta Mercedes, 13-4

28020 Madrid
Phone +34-91-571 68 55/53/04/56
Fax   +34-91-571 68 54
Telex 43950 ASOC-E

FEDERACIÓN CATALANA DE INDUSTRIAS CÁRNICAS (FECIC)
(Catalan Federation of Meat Industries)
Via Layetana, 36
08003 Barcelona
Phone +34-93-268 26 31
Fax   +34-93-268 03 90

CONFEDERACIÓN ESPAÑOLA DE ALIMENTOS COMPUESTOS, PARA ANIMALES
(Spanish Federation for Prepared Foods, for Animals)
Diego de Leon, 54, escal. B, 5D
28006 Madrid
Phone +34-91-563 34 13
Fax +34-91-561 59 92

FEDERACIÓN DE INDUSTRIAS LÁCTEAS
(Lactic Products Federation)
Ayala, 10
28001 Madrid
Phone +34-91-5762 100

ASOCIACIÓN ESPAÑOLA DE PRODUCTORES DE
GANADO VACUNO de CARNE (ASOVAG)
(Spanish Livestock Producers Association)
Cambios Viejos, 15 Entresuelo
08003 Barcelona
Phone +34-93-310 17 00
Fax +34-93-310 03 48

ASOCIACIÓN NACIONAL DE PRODUCTORES DE GANADO PORCINO
(National Association of Pork Producers)
Juan Bravo, 69 Entreplanta
28006 Madrid
Phone +34-91-402 22 72
Fax +34-91-402 22 68

ASOCIACIÓN NACIONAL DE PRODUCTORES DE POLLOS
(National Association of Poultry Producers)
Diego de Leon, 33-Cuarto
28006 Madrid
Phone +34-91-562 42 93
Fax +34-91-562 32 31

ASOCIACION ESPANOLA DE PRODUCTORES DE HUEVOS
(Spanish Egg Producers Association)
Agustin de Bethencourt, 17,2.
28003 Madrid
Phone: +34-91-533 19 69
Fax: +34-91-533 19 69

AFOEX
(Oilseed Crushers Association)
Principe de Vergara, 80-1ºA
Madrid, Spain

Phone: +34-91-563 10 33
Fax: +34-91-562 14 24

ASOCIACION ESPAÑOLA
DE IMPORTADORES DE MADERAS
(Spanish Wood Importers Association)
Flora, 3
28013 Madrid
Phone: +34-91-547 97 45
Fax: +34-91-547 39 80

AITIM
Asociación de Investigaciones de INDUSTRIAS de la Madera y el Corcho
(Research Association for Wood and Cork Industries)
Flora, 3
28013 Madrid
Phone: +34-91-542 58 64
Fax: +34-91-559 05 12

APROSE
(Seed Producers Association)
Desengaño, 10
28004 Madrid
Phone: +34-91-521-5517
Fax: +34-91-521-1238

ASOCIACION GENERAL DE FABRICANTES
DE AZUCAR DE ESPAÑA
(Spanish General Association for Sugar Producers)
Montalban, 11 - 4º piso
28014 Madrid

CENTRO ALGODONERO NACIONAL
(National Cotton Producers Center)
Via Layetana, 32-34 - 3º
08003 Barcelona
Tel: +34-93-319 89 50
Fax: +34-93-319 89 62

ASOCIACION DE TRANSFORMADORES
DE MAIZ POR VIA HUMEDA (HUMAIZ)
(Wet Millers Association for Corn)
San Hermenegildo, 28 - 2B
28015 Madrid
Tel: +34-91-542 07 15
Fax: +34-91-541 63 33

Grain Marketing

LLOTJA DE CEREALES DE BARCELONA
(Cereal Market of Barcelona)
Lonja de Cereales
Casa Lonja del Mar
Paseo de Isabel II, 1
08003 Barcelona
Phone +34-93-319 65 25
Fax: +34-93-319 27 80

Appendix F: Market Research

A complete list of market research is available on the NTDB

a) U.S. & Foreign Commercial Service

Industrial Subsector Analyses scheduled for Fiscal Year 1999

- Professional Electronics for Industrial Applications, July 1999
- Medical Prosthesis, July 1999
- Automotive Repair & Maintenance Equipment, July 1999
- Travel & Tourism Industry, July 1999
- Air Pollution Control Equipment & Instrumentation, July 1999
- Airport Handling Equipment, August 1999
- Computer Hardware: Peripherals, September 1999
- Pesticides, September 1999
- Port & Shipbuilding Equipment, September 1999
- Defense Sector, February 2000
- Film and Videos, February 2000
- Machine Tools and Metalworking Equipment, February 2000
- Value Added Telecommunications Services, March 2000
- Cable Telecommunications Market, June 2000
- Do-it-Yourself Products, June 2000
- Franchise Sector, June 2000
- Industrial Inorganic Chemicals, June 2000
- Multipurpose Retail Development, July 2000
- Paper and Paperboard, July 2000
- Computer Software and Related Services, July 2000
- Homecare and Rehabilitation, July 2000
- Wide Body Aircraft, September 2000
- Food Processing Equipment, September 2000

b) Agricultural Market Research

01/01/99 Fresh Deciduous Fruit - Semi-Annual
01/15/99 Kiwifruit - Annual
01/31/99 Grain Voluntary - Update
01/31/99 Oilseeds Voluntary - Update
02/01/99 Tree Nuts - Semi-Annual
02/01/99 Livestock - Semi-Annual
02/28/99 Grain Voluntary - Update
02/28/99 Oilseeds Voluntary - Update
03/15/99 Canned Deciduous - Semi-Annual
03/15/99 Strawberry - Annual
03/31/99 Grain Voluntary - Update
03/31/99 Oilseeds Voluntary - Update
04/10/99 Grain & Feed - Annual
04/30/99 Grain Voluntary - Update
04/30/99 Oilseeds Voluntary - Update
05/01/99 Tobacco Annual
05/30/99 Tomatoes - Annual
05/31/99 Grain Voluntary - Update
05/31/99 Oilseeds Voluntary - Update
06/01/99 Oilseeds & Products - Annual
06/15/99 Asparagus - Annual
06/20/99 Cotton - Annual
06/30/99 Grain Voluntary - Update

06/30/99 Oilseeds Voluntary - Update
07/31/99 Grain Voluntary - Update
07/31/99 Oilseeds Voluntary - Update
08/01/99 Livestock - Annual
08/15/99 Poultry - Annual
08/20/99 Tree Nuts - Annual
08/31/99 Grain Voluntary - Update
08/31/99 Oilseeds Voluntary - Update
08/31/99 Planting Seed - Annual
09/10/99 Fresh Deciduous Fruit - Annual
09/15/99 Canned Deciduous Fruit - Annual
09/30/99 Annual Situation Report
09/30/99 Grain Voluntary - Update
09/30/99 Oilseeds Voluntary - Update
10/01/99 Seafood - Annual
10/31/99 Grain Voluntary - Update
10/31/99 Oilseeds Voluntary - Update
11/01/99 Citrus - Annual
11/30/99 Avocado - Annual
11/30/99 Dairy - Annual
11/30/99 Grain Voluntary - Update
11/30/99 Oilseeds Voluntary - Update
12/10/99 Wine - Annual
12/15/99 Forest Products - Annual
12/15/99 Tomatoes - Semi-Annual
12/31/99 Grain Voluntary - Update
12/31/99 Oilseeds Voluntary - Update

Appendix G: Trade Event Schedule

a) Events organized by the U.S. Commercial Service

January 2000

FITUR - U.S. Pavilion, Madrid (Tourism Trade Fair)
Coordinator Madrid: Mariana Vega
Tel: (34-91) 564-8976
Fax: (34-91) 563-0859

F.I.M.I. - Valencia (Children's Apparel Show)
Coordinator Madrid: Carmen Adrada
Tel: (34-91) 564-8976
Fax: (34-91) 563-0859

February 2000

Medical Matchmaker - Madrid (Medical Device Trade Mission)
Coordinator Madrid: Jose Ramón Posada
Tel: (34-91) 564-8976
Fax: (34-91) 564-0859

March 2000

Spanish Machine Tool Biennial - Bilbao
Coordinator Barcelona: Emilio Arranz
Tel: (34-93) 280-2227
Fax: (34-93) 205-7705

April 2000

Fashion Sectors Trade Mission - Madrid
Coordinator Madrid: Carmen Adrada
Tel: (34-91) 564-8976
Fax: (34-91) 564-0859

November 2000

SIMO TCI - Madrid
(Information Data Processing, Multimedia and Communications Show)
Coordinator Madrid: Lola Baños
Tel: (34-91) 564-8976
Fax: (34-91) 564-0859

b) Events organized by the Foreign Agricultural Service

March 2000

ALIMENTARIA 2000 (Barcelona)
Coordinator Madrid: M. Escudero
tel: (34-91) 562 1453
fax: (34-91) 562 9644